

State of Michigan

A large, light blue silhouette of the state of Michigan serves as a background for the central text.

# EXECUTIVE BUDGET

Fiscal Year 2000

# **EXECUTIVE BUDGET**

## **Fiscal Year 2000**

---

State of Michigan  
John Engler, Governor

Mary A. Lannoye, State Budget Director





**STATE OF MICHIGAN**  
OFFICE OF THE GOVERNOR  
**LANSING**

JOHN ENGLER  
GOVERNOR

February 11, 1999

To the Citizens of Michigan:

I am proud to present my administration's ninth consecutive balanced budget recommendation. This spending plan for the 2000 budget year continues a tradition of keeping government lean and focused, while investing in critical efforts to improve education, strengthen families and create jobs.

First and foremost, the 2000 budget reflects a commitment to education that is unwavering and steadfast. In fact, for the third year in a row, we will spend more on K-12 education than the entire general fund budget. In the coming school year, total spending for public schools will exceed \$13 billion.

Michigan will also continue as the nation's leader in reducing the school funding equity gap. Substantial increases in the foundation allowance guarantee that no district will receive less than \$5,550 per pupil. For the lowest spending school districts, that represents a 63 percent increase since 1994 when Proposal A was enacted.

My recommendation keeps the promises we have made to cut taxes -- our 25th tax cut since 1991. When my plan to cut the income tax rate from 4.4 percent to 3.9 percent is fully phased in, taxpayers will save \$1 billion annually. That's in addition to the more than \$2 billion taxpayers are already saving each year as a result of other tax cuts. By making Michigan a low tax state, we are turbocharging our economy and encouraging entrepreneurs and industries of every kind to add to the more than 750,000 jobs that have been created in Michigan this decade.

Other highlights of my 2000 budget include:

- Creating the Michigan Merit Award -- a \$2,500 scholarship for high school graduates who master reading, writing, math and science.
- A nearly \$70 million increase in funding for Michigan's universities and community colleges.
- \$581 million for day care -- a 38 percent increase over 1999 and nine times more than 1990.



- The budget for the new Department of Career Development includes \$15 million to help deadbeat parents find jobs and support their children.
- An increase of \$14 million in the adoption subsidy program and another \$1 million to provide support services to adoptive families.
- Nearly \$27 million to improve the quality of care in nursing homes.
- Funding for thousands of new prison beds, including a maximum security Youth Correctional Facility.
- A record high \$1.25 billion to repair state roads and bridges and \$1.1 billion to support local road and bridge projects.
- And a \$2 million increase in support for Project GREEN to boost our farm economy while also preventing pollution and assuring food safety.

With so many new members of the Michigan House and Senate, my administration is ready to make every effort to assure that the legislature and the public is well informed on all aspects of this budget. We are ready to answer your questions and make our case that this budget keeps us on the right track to achieving our goal -- making Michigan first in the 21st Century.

Sincerely

John Engler  
Governor

**GOVERNOR ENGLER'S FISCAL YEAR 2000  
BUDGET RECOMMENDATION**  
**First in the 21st**  
**A BUDGET FOR MICHIGAN'S TAXPAYERS**

**INTRODUCTION**

The fiscal year 2000 budget will be the first budget of the 21st century but continues the 1990's tradition as a "Budget for Michigan's Taxpayers".

Two weeks ago, Governor Engler laid out his plans to prepare Michigan for the challenges of the future and his goal to accept nothing short of making Michigan first in the 21st century. The fiscal year 2000 Executive Budget provides a blueprint for implementing the Governor's priorities. Legislative approval of these spending plans is the next step in achieving our common goal for Michigan to be known the world over as the "Smart State", where workers are skilled, government is small, and schools are second to none.

**ECONOMY**

In his State of the State address, Governor Engler proclaimed: "... the state of our state is better than good. It is GREAT!" And it is. Michigan's economy is flourishing and the state's fiscal health is strong.

Michigan's economy has moved from recession to recovery to prosperity. The legislature and Governor Engler have made many tough decisions over the past decade, and we now are seeing the results of their efforts. Our state's total employment is at a record 4.9 million. In 1998, 750,000 more Michigan residents had a job than in 1991.

---

Standard & Poors gave Michigan its highest rating in 20 years and Moody's and Fitch IBCA gave the state their highest ratings ever, displaying confidence in Michigan's budget balancing and economic strength.

---

These efforts have received national acclaim. Michigan is the only state in the union to receive three major credit upgrades last year. Moody's and Fitch IBCA have given Michigan its highest ratings ever — higher than the supposed golden age for the auto industry, higher than the prosperous 1950's, in fact, higher than any time in our history.

We are seeing the positive impact of 24 tax cuts and returning \$11 billion into the hands of citizens for investment, consumer spending and job creation. At the same time we exercised fiscal discipline and kept our state budgets in line. With this solid foundation, Michigan is better prepared for the challenges of the next century.

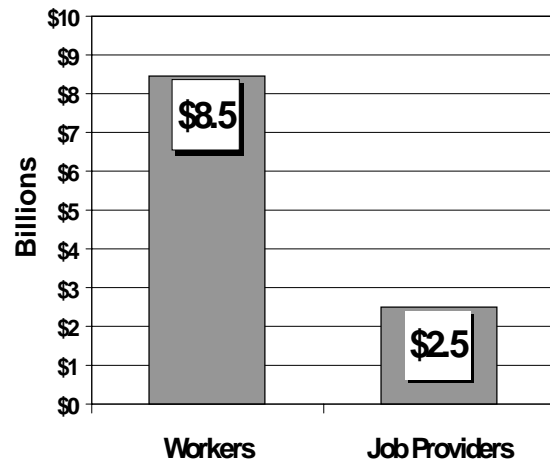
## TAX BURDENS CONTINUE TO FALL

The fiscal year 2000 Executive Budget continues the 1990's tradition of stimulating Michigan's economy through tax relief. Governor Engler has renewed his quest to begin the new century with a cut in Michigan's personal income tax rate from 4.4 percent to 3.9 percent. This newest income tax cut will begin in fiscal year 2000 and be phased-in over the next five years.

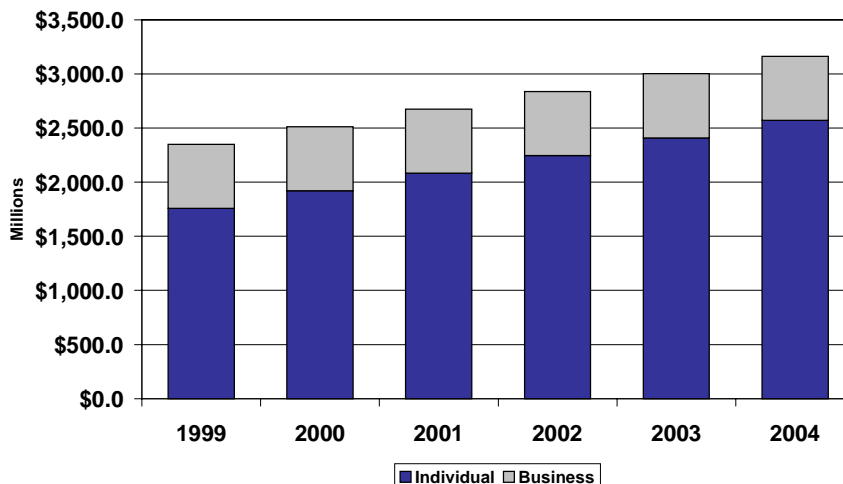
The 24 tax cuts already signed into law by the Governor will have saved Michigan taxpayers \$11 billion through fiscal year 1999. Of the \$11 billion saved, approximately \$8.5 billion will go back in the pocketbooks of individuals and families. Another \$2.5 billion will directly benefit job providers.

The proposed five-year income tax cut is larger than any one of the 24 tax cuts signed into law throughout the 1990's. When fully phased-in, the tax cut will save Michigan taxpayers \$1 billion per year.

### Workers and Job Providers Gain \$11.0 Billion From Engler's Tax Cuts



### Governor Engler's Tax Cuts Annual Taxpayer Savings Fiscal Years 1999 - 2004



Implementing the tax cut over 5 years is a fiscally responsible approach to reducing taxes. The phase-in minimizes the programmatic impact on the state's budget in any one fiscal year and thereby prevents disruption of critical state services.

## REVENUE GROWTH CONTINUES

As provided by law, the consensus revenue estimating process was used to develop the revenue base. In January, the conferees who include the State Treasurer and the directors of the House and Senate Fiscal Agencies—jointly determined the revenue projections that serve as the revenue base for this budget recommendation. They will reconvene in May to reevaluate our state revenues and growth rates.

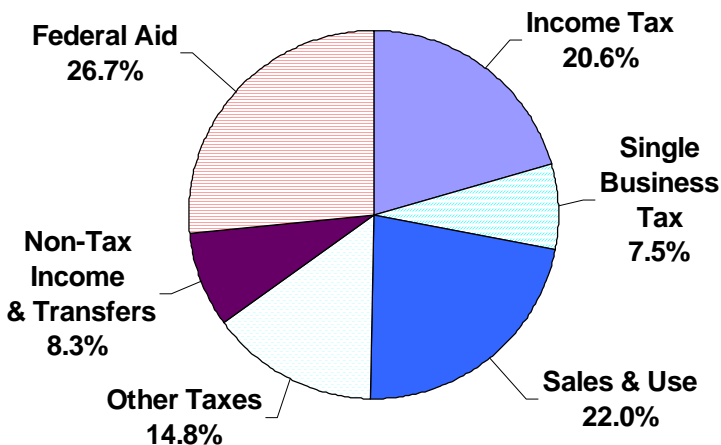
The conferees projected baseline growth from fiscal year 1999 to fiscal year 2000 at 2.7 percent. This growth is a reflection of Michigan's strong economy and far exceeds the projected inflation rate of 2.0 percent.

Last month's consensus conference estimates indicate that fiscal year 1999 general fund revenues are now \$120 million higher than enacted expenditures. As part of our proposal today, the Administration is recommending supplemental appropriations for fiscal year 1999 of approximately \$90 million general fund to support critical program needs.

School Aid fund revenues are estimated at \$9.3 billion, or 2.8 percent over the current fiscal year. This \$9.3 billion projection is consistent with the fiscal year 2000 School Aid budget already enacted into law.

The fiscal year 2000 general fund revenues are estimated at \$9.16 billion, or \$352 million more than current year enacted appropriations. However, the Executive Budget recommendation adjusts the fiscal year 2000 revenue estimates to reflect the impact of the proposed reduction in the income tax rate which is now under active consideration by the legislature. This tax cut, if enacted, will reduce revenues in fiscal year 2000 by \$126 million.

**Estimated General and Special Revenues  
For Fiscal Year 2000**



In addition, the Administration is recommending a repeal of the Tuition Tax Credit in order to directly increase funding to universities and community colleges through new Tuition Restraint Incentive Grants. Repeal of the Tuition Tax Credit, if adopted by this legislature, will increase available revenues by \$34 million.

The net impact of all of these adjustments is that fiscal year 2000 general fund revenues will be \$261 million more than the current year's enacted appropriation. Please refer to the following table for a further explanation.

### General Fund Revenue Growth

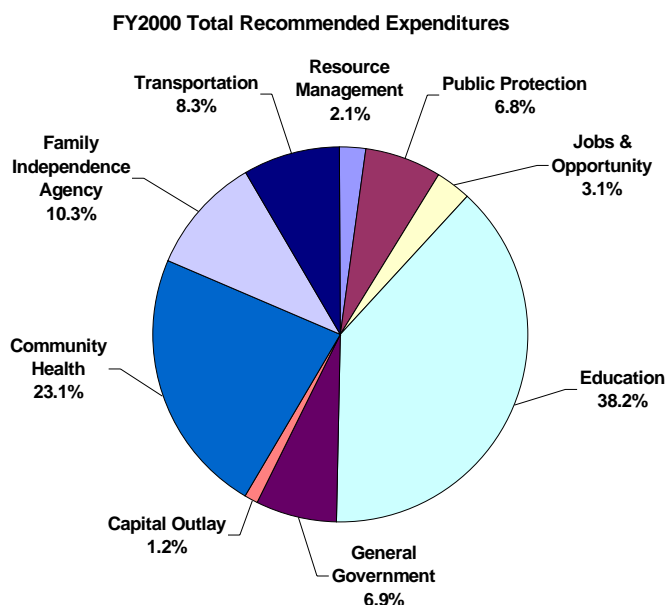
(Amounts in Millions)

FY 2000 Consensus Revenue Estimate	\$9,163.8
Proposed Reduction in Income Tax Rate	(126.0)
Repeal of Tuition Tax Credit	<u>34.0</u>
Available Revenues	\$ 9,071.8
FY 1999 Enacted Appropriations	<u>\$ (8,810.6)</u>
FY 2000 Available Revenue Increase	\$ 261.2
Percent Increase over FY 1999	2.96%

### HIGHLIGHTS OF GOVERNOR ENGLER'S FISCAL YEAR 2000 BUDGET

The recommended budget supports the Governor's top priorities of continued tax relief and innovative new measures in the areas of education, job training, and welfare reform. The budget includes new funding for the Michigan Merit Award, an overall 4 percent increase for universities and community colleges, operational costs for 4,712 new prison beds, day care spending of \$581 million, a

3.4 percent increase in funding for revenue sharing, \$6 million for Project GREEN, and inflationary increases for health related programs.



The total budget is \$34 billion. General fund expenditures are recommended at \$9.1 billion, a 2.96 percent increase from the current year. The fiscal year 2000 School Aid budget has already been enacted into law, however, the Governor is recommending supplemental bills for fiscal years 1999 and 2000 that recognize increased pupil counts and lower local revenue estimates.



## EDUCATION REMAINS HIGHEST PRIORITY

Believing the key to Michigan's success is the quality of our schools, the Governor continues to maintain education as his top priority. The achievements during his administration have been numerous: funding increases for public education which far exceed inflation, reduced funding inequities in per-pupil spending among K-12 school districts, more school choices for parents, and better test scores. The fiscal year 2000 budget builds upon these successes.

---

"So much is riding on our schools, that each day I ask myself and those around me — what more can we do to make our schools the best they can be?"

Governor John Engler  
1999 State of the State

---

### School Aid

Governor Engler's top budget priority has consistently been the education of Michigan's 1.7 million students. Total spending for these students will exceed \$13 billion by fiscal year 2000. Fiscal year 2000 will mark the third consecutive year the state spends more on K-12 education than the entire general fund budget.

---

"By dedicating more than one-third of the state's budget to education, Engler has put the state's priorities where they should be, on children...."

Michigan Chronicle,  
September 16, 1998

---

Last fall, the fiscal year 2000 School Aid budget was signed into law. The bill included a \$344 million or 3.5 percent increase in the foundation allowance, \$58 million in additional special education funding, an increase of \$9.1 million for the at-risk program, and an additional \$5 million for the school readiness program.

The Governor's 2000 budget recommendation includes supplemental funding requests for the fiscal year 1999 and 2000 school aid budgets. The revised recommendations include an increase of \$64 million

for pupil foundation allowance payments in fiscal year 1999 and another increase of \$114 million in fiscal year 2000. The supplementals are necessary to cover significant increases in estimated pupil counts and revised estimates of available local revenue.

This additional funding will support the basic foundation allowance at the levels specified in the School Aid budget. No district will receive foundation allowances of less than \$5,170 per pupil in fiscal year 1999 or \$5,550 in fiscal year 2000. These foundation allowances continue the school finance reform efforts of 1994, by reducing the funding disparity among school districts.

---

“Engler has had a greater and positive impact on the structure and direction of (our) government than anyone in his position ever has had, or ever is to likely to have. The book has been rewritten. Problems that frustrated the state - - such as the school funding mess -- finally were resolved.”

Oakland Press  
October 19, 1998

---

Prior to Proposal A, inequities in school funding ranged from \$3,398 per pupil in the lowest spending districts to \$10,294 in the highest spending district. In fiscal year 2000, the gap between the lowest spending districts and the benchmark basic foundation allowance has been reduced to \$102 per pupil.

As we enter the 21st century, we face many educational challenges. By fiscal year 2001, the gap between the minimum and basic foundation allowance should be completely closed, thereby challenging us to find new ways to improve equity in school funding. We should also examine the financial needs of faster growing school districts.

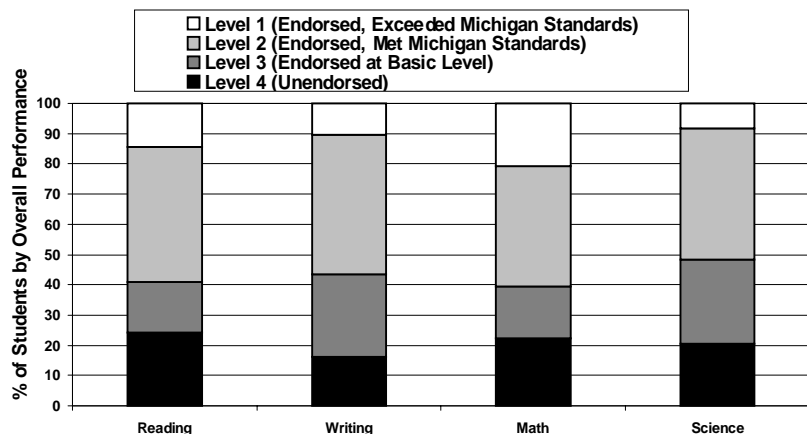
The most important challenge is improved quality of education. The Governor continues to believe competition improves quality and parents deserve additional choices when it comes to their children’s education. To that end, the Governor is requesting the elimination of the cap on the number of charter schools and an expansion of schools of choice.

#### Michigan Merit Award

Furthering his commitment to prepare students for the jobs of the 21st century, Governor Engler is proposing the establishment of the Michigan Merit Award. The award is a merit-based scholarship program, effective with the high school graduating class of 2000. High school students that pass the reading, writing, math, and science components of the MEAP high school test would receive a \$2,500 scholarship that can be dedicated to college or technical training at a Michigan school of their choice.

There is also a middle school component. Beginning with the 1999-2000 school year, a \$500 allocation will be set aside for each middle school student who achieves a proficient score on each of the

**Governor’s Michigan Merit Award Links  
MEAP Scores to College Scholarships**



four MEAP test components. Therefore, beginning with the class of 2004, a student who has received both a proficient score on the middle school MEAP test and passed the high school test would qualify for a scholarship totaling \$3,000.

The Michigan Merit Award will be supported by the proceeds from the settlement of a lawsuit between the states and the tobacco industry. The Attorney General has already secured a final judgment in the Michigan case and Michigan's 1998 payment of \$104 million has been deposited into an escrow account.

Once 80 percent of the participating states have also achieved final judgement in their state court, Michigan's \$104 million will be released. While it could occur sooner, the release of funds is expected in the middle of calendar year 2000. At that time, Michigan's first annual payment of \$289 million should also become available. Thereafter, Michigan would receive annual payments ranging from \$320 to \$400 million.

Unfortunately, the federal Department of Health and Human Services has made it clear to the states that it intends to seize a portion of the tobacco settlement as repayment for their share of Medicaid costs. In Michigan's case, that could reduce our total settlement up to 55 percent. For five years, over 40 states litigated suits against the tobacco industry without federal assistance. Now that the states have won their cases, it is simply unjustifiable for the federal government to demand a share of our settlement revenue. Governor Engler, the Michigan Legislature, Senator Abraham, and the National Governors' Association have already called upon Congress to enact legislation which will protect state settlement funds from confiscation by the federal bureaucracy.

---

"The Michigan Merit Award Trust Fund will be endowed by money from the recent tobacco settlement. That is why every member of Congress from Michigan must stand up for our children and fight those who would try to take our money."

Governor Engler,  
1999 State of State Address

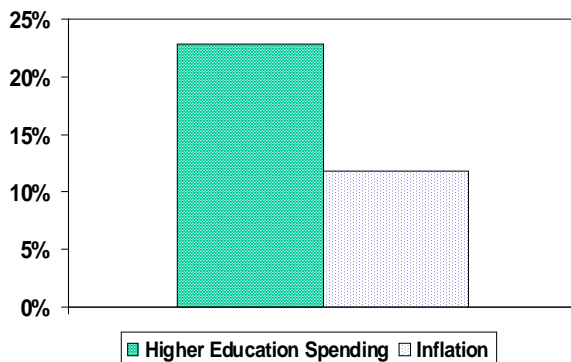
---

Governor Engler will soon sign an executive order establishing the Michigan Merit Award Commission as a temporary two-year agency within the Department of Treasury. At the same time, the Governor will forward proposed legislation that establishes the Commission in statute. The executive order and the legislation would also establish the Michigan Merit Award Trust Fund. Unspent award proceeds would remain in the fund and be used to endow the Merit Awards. The statute would also identify other appropriate uses of the settlement funds.

## Funding a World-Class Higher Education System

Continuing Governor Engler's commitment to public education, the FY 2000 budget provides an overall \$58 million or 4 percent increase for Michigan's public universities. The first \$21.6 million, or 1.5 percent, will be distributed in an across-the-board allocation. An additional 1 percent, or \$14.5 million, will be distributed to those universities whose current state funding is below other universities offering similar programs and degrees. The maximum increase a university could receive from this funding floor adjustment is 5 percent.

### Higher Education Funding Up 23 Percent Nearly Double Inflation



Change from FY1995 to FY2000

The remaining \$22 million or 1.5 percent increase is contingent upon the repeal of the existing tuition tax credit. The \$22 million will be distributed across-the-board to each university that restrains undergraduate resident tuition growth at or below 3 percent for the 1999-2000 school year.

The timing is optimal to repeal this tax credit. First, it is unlikely that any university would be able to qualify for the upcoming school year because of the remarkably low inflation rate. Secondly, the establishment of the Michigan Merit

Award will contribute greatly towards making college more affordable for everyone. Finally, the tuition tax credit has had only limited success in restraining tuition increases.

The fiscal year 2000 Executive Budget also recommends a 4 percent increase for Michigan's 28 community colleges. The distribution of the first 2.5 percent, or \$7 million, is evenly split between the Gast/Mathieu funding formula and an across-the-board allocation. The remaining 1.5 percent, or \$4 million, is subject to the same terms and conditions as the university tuition restraint incentive grants.

In addition to this 4 percent increase, community colleges have received financial assistance for technical training centers. Eight of the community colleges were recently awarded \$30 million in Michigan Strategic Fund grants to establish technical training centers. In the fiscal year 1999 capital outlay bill, Mott Community College received authorization to proceed with a similar proposal. And finally, the Governor is proposing a \$5 million fiscal year 1999 supplemental appropriation to fund one or more of the unfunded Michigan Strategic Fund technical training center proposals. By fiscal year 2004, these centers will be at full capacity, and training 40,000 new high skill, high demand workers.

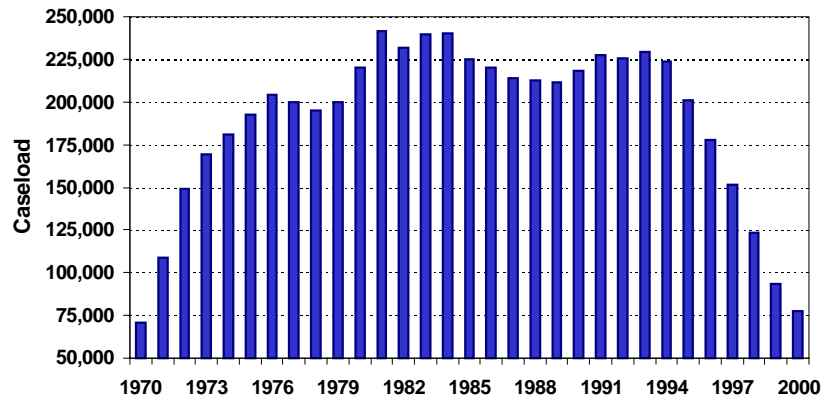


## STRENGTHENING MICHIGAN FAMILIES

The benefits of welfare reform in Michigan continue to grow, and the fiscal year 2000 budget recognizes this success.

Since the Governor first began his welfare reform initiative— “To Strengthen Michigan’s Families” in 1992, cash assistance caseloads have declined to the lowest levels in almost 30 years. In fiscal year 2000, there will be fewer than 78,000 families receiving cash

**Welfare Cases Fall To  
Lowest Level Since FY 1970**



assistance. Of those able to work, over 50 percent will be augmenting their state grant with earnings from employment. The budget recommendation provides \$323 million for cash assistance to low-income families, \$950 million less than the amount spent in fiscal year 1990.

Project Zero is Michigan’s highly successful initiative designed to insure that 100 percent of the families with an able-bodied adult in the household are employed. Now in its third year of operation, the Project Zero sites continue to lead the state in the number of individuals receiving assistance who are also working and earning income. In fact, eight Project Zero sites have reached their goal of 100 percent employment or zero cases without earnings. The fiscal year 2000 recommendation provides an additional \$3 million to expand the number of Project Zero sites.

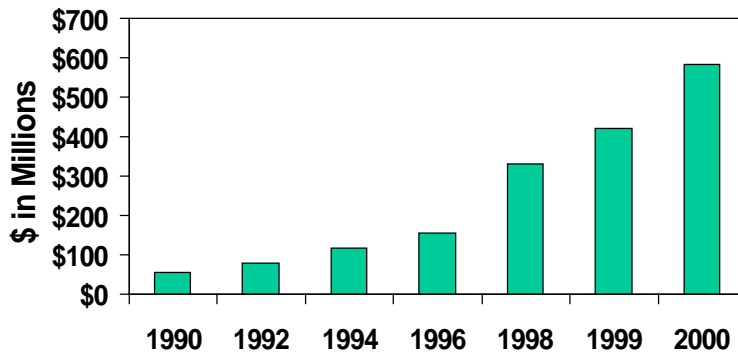
### Services to Support Independence

In order to help families succeed in the job market, the fiscal year 2000 recommendation increases funding to support the transition to independence.

- Families who work their way off welfare continue to be eligible for medical coverage through the Medicaid program for 12 months after their cash grant ends. After that, they can buy Medicaid for a low monthly cost of \$50. In addition, children in other low-income families may qualify for Medicaid or coverage through the MICHild program. The fiscal year 2000 budget continues funding for these important medical services.

- The fiscal year 2000 budget recommends funding for the day care program of \$581 million—over half a billion dollars—more day care funding than has ever been provided in the state’s history! This unprecedented funding level represents a nine-fold increase since 1990.

### Day Care Spending Sky Rockets



Even more impressive is the increase in the number of families and children served. In October 1998, almost 108,000 children in over 58,000 families received day care assistance—and that number is expected to grow to 150,000 children in fiscal year 2000.

- The fiscal year 2000 budget also provides \$101 million for the Work First program, which helps cash recipients find jobs, and provides training assistance to help them obtain better and higher paying jobs.

In addition, \$15 million is earmarked in the Career Development budget to provide job-seeking assistance to unemployed non-custodial parents whose children are receiving assistance. By helping the absent parent obtain employment, they, rather than the taxpayers, can financially support their children.

### SERVICES TO PROTECT MICHIGAN’S CHILDREN

The fiscal year 2000 budget contains a number of new initiatives to protect Michigan’s children. In combination, these initiatives help insure that each and every child in Michigan has a chance to live in a healthy, nurturing environment.

#### In-Home Services

The Family Independence Agency budget includes \$70 million for community-based services to prevent child abuse and neglect. Over \$28 million is allocated to local multi-purpose collaborative bodies to develop and implement supportive services designed to meet the needs of at-risk families in each local community.

In addition, the fiscal year 2000 budget adds \$3 million to increase reimbursements to counties for services designed to keep children out of residential placement and in their homes.

This budget also recognizes a major federal child welfare waiver recently granted to Michigan. By providing funding in a single capitated payment, pilot sites can provide whatever services a child may need to live safely at home or, if that is not possible, to achieve some other safe and permanent placement. Six counties over the next 5 years will test this important new service delivery mechanism.

### Adoption Services

Thanks to the hard work of former Lt. Governor Connie Binsfeld, her Children's Commission, and the legislature, Michigan has passed a series of landmark bills designed to shorten the time between a child's entry into the foster care system and his/her return home or placement with an adoptive family. Successful placement of children into permanent adoptive homes has dramatically increased throughout the 1990's—from just over 1,200 adoptive placements in 1990 to over 2,200 in 1998.

The fiscal year 2000 budget provides almost \$14 million in additional funding for the adoption subsidy program, bringing total subsidy funding to \$137 million—a three-fold increase since 1990. In addition, the Family Independence Agency budget also includes a \$1 million increase to provide supportive services to families after they adopt a child.

### Delinquency Services

Fiscal year 2000 marks the first year of a major redesign of the delinquency services system in Michigan. Based on innovative legislation passed in late 1998, a county can assume sole financial and programmatic responsibility for all delinquents within its borders, rather than sharing responsibility with the state as has been the case for over 75 years. Wayne County has accepted this bold challenge!

The fiscal year 2000 budget recommendation caps the state's financial obligations for delinquency services in Wayne County at 1998 levels and creates a Wayne County Block Grant of \$64.5 million. Wayne County will design its own programs and spend block grant money in ways that it believes will best meet the delinquency prevention and treatment needs of juveniles in Wayne County. Their goal is to intervene with youngsters before they become hard-core delinquents, to reduce reliance on costly out-of-home institutional treatment for delinquents and, ultimately, to reduce crime.

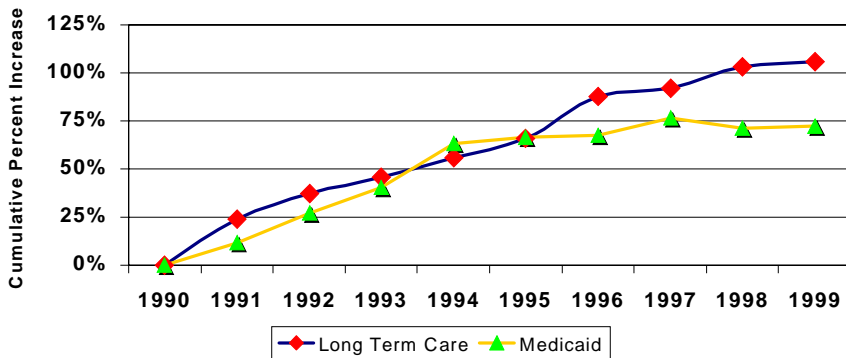
### SERVING THE ELDERLY AND DISABLED

In 1990, there were more than 1 million Michigan citizens age 65 and older. By the year 2020, the United States Bureau of the Census predicts that this age group will increase to nearly 1.7 million—representing over 17 percent of our population. By the year 2040, one in every five people will be 65 years of age or older. As we enter the 21st century, it is important that Michigan plan for the needs of these elderly citizens. The fiscal year 2000 budget contains several initiatives to improve the quality of life for elderly and disabled citizens.

### Community-Based Services

In an effort to allow individuals to remain in their own homes, the Governor's budget increases funding for the Adult Home Help program by over \$22 million, bringing total program funding to \$160 million. The Home Help program enables disabled and elderly individuals to live independently by financing in-home assistance for daily living activities such as meal preparation, bathing, feeding and hygiene activities. Through this program, each month over 39,000 individuals select and supervise their own personal care provider.

### Nursing Home Costs Outpace Other Medicaid Costs



### Nursing Home Services

For those individuals who are unable to remain in their own homes, the fiscal year 2000 budget contains over \$900 million to reimburse nursing homes for services provided to the elderly and disabled. In addition, the Governor's budget recommends several initiatives to improve care in nursing homes.

- \$10 million is added to the Consumer and Industry Services budget for a new Nursing Home Quality Incentive Grant program to reward those institutions that provide high quality care.
- \$3.8 million will be used to increase the personal needs allowance for nursing home residents from \$30 per month to \$40 per month. The personal needs allowance covers clothing, hobbies, haircuts, manicures and other items and activities that are fundamental to the happiness and comfort of residents.
- Over \$13 million is earmarked for a 2 percent increase in the reimbursement rate for nursing homes to keep pace with inflation.

### Plans For The Future

The 1999 budget bill calls for the development of a long-term care plan through a collaborative process between the Department of Community Health and the legislature, with public hearings to obtain citizen comment. Elements include:

- A budget-neutral expansion of home and community-based services as alternatives to nursing homes.
- Payment methods that assist persons to remain in home-like settings at a reasonable cost.
- Flexible financing and service delivery.

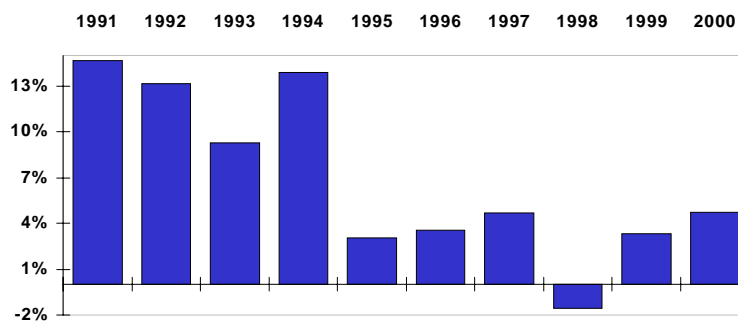
While no fiscal adjustments related to this plan are included in the fiscal year 2000 recommendation, it is anticipated that the work group will propose a plan that maintains cost-effective, high quality service to the elderly and disabled.



## MEDICAID

Michigan's Medicaid program provides medical insurance to over 1.1 million low-income citizens in the state. The fiscal year 2000 budget recommends over \$5.16 billion in funding for the Medicaid program, consisting of \$3.94 billion for medical services and \$1.22 billion for mental health services.

**Medicaid Growth Under Control**



Since the mid-1990's, Michigan has controlled Medicaid costs largely through the development and use of capitated, fixed-price managed care systems. It is estimated that implementation of the competitively bid capitated health plan rates in fiscal year 1997 reduces Medicaid costs by \$120 million annually. However, to ensure continued access to high quality medical services for all Medicaid recipients, the Executive Budget recommends over \$92 million to fund discretionary rate increases for health management organizations (HMO's) and other providers. The budget also includes an additional \$159 million to adjust for changes in caseload, utilization patterns and non-discretionary inflation, and \$13.3 million to expand the Children's Model Waiver program, which serves severely disabled children in their homes.

## PUBLIC HEALTH PREVENTIVE PROGRAMS

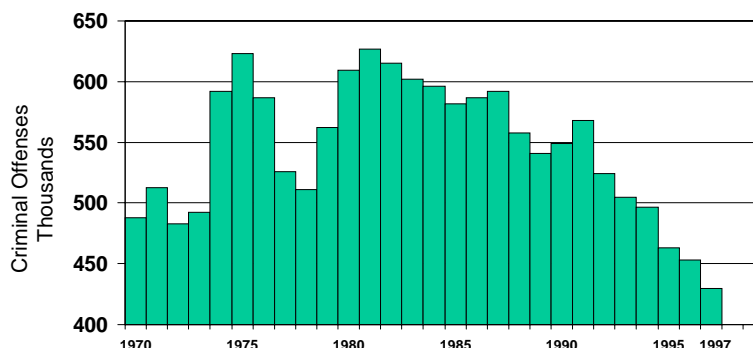
The Governor is clearly committed to prevention of health problems attributable to smoking, as reflected in his support for one of the highest tobacco tax rates in the nation and dedication of a portion of these revenues to the Healthy Michigan Fund.

Approximately one-fourth of the state budget is spent on health care programs, including over \$170 million supporting prevention-related programs such as smoking prevention, AIDS prevention, and pregnancy prevention. In addition, the \$5 billion Medicaid budget includes a significant amount of prevention spending.

## PUBLIC SAFETY BOLSTERED - CRIME CONTINUES TO DROP

Public safety and punishment of those who break the law is a fundamental responsibility of state government. Recognizing its importance, Governor Engler supported legislation that provided law enforcement, prosecutors and judges the tools they need to wage an effective war on crime. As a result, crime in Michigan has declined for the sixth consecutive year, the lowest level in nearly 30 years.

**Serious Crime Lowest in Nearly 30 Years**



Governor Engler offers no apologies for locking up violent and dangerous offenders. The fiscal year 2000 budget reflects the fiscal impact of these tougher sentences and longer prison stays.

#### Department of Corrections

The Governor's recommendation for the Department of Corrections totals \$1.57 billion, reflecting an 8.6 percent increase from fiscal year 1999. In 1998, the legislature supported \$198 million in capital outlay spending for the construction of 5,420 additional prison beds.

The recommended budget includes an additional \$67 million to support the operational costs for many of these new prison beds as they are brought on line over the course of the fiscal year. The budget also includes an additional \$17.7 million for the operational costs of the 753 beds scheduled to be reopened, pursuant to the federal consent decree (*Hadix v Johnson*) at the State Prison of Southern Michigan.

The 480-bed maximum security Youth Correctional Facility is scheduled to open in July of 1999. Full-year operational costs for this facility total \$10.2 million for fiscal year 2000, funded entirely by the federal Violent Offender Incarceration and Truth-in-Sentencing grant. This prison is the first privately-constructed and operated correctional facility in Michigan.

#### Department of State Police

The Department of State Police provides law enforcement leadership to preserve, protect, and defend people and property throughout the state. Since 1991, the number of crimes reported in the state has dropped by 255,735 — or 20 percent. Without a doubt, a significant contributing factor in the crime rate decline has been the Governor's continued commitment to enhancing public protection services.

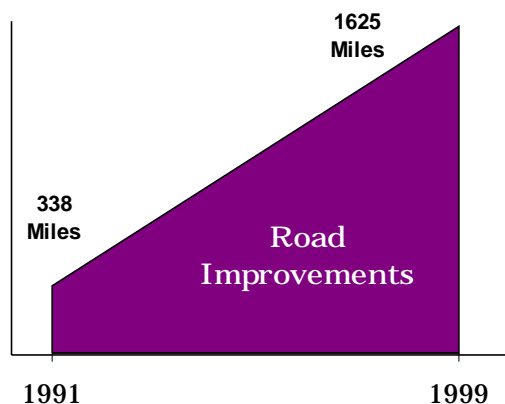
The fiscal year budget for the Department of State Police totals \$363 million, \$267 million general fund. The recommended budget includes funding for a new trooper school, continuation funding for the new state-of-the-art radio communication system, additional funding for 12 new detectives, and full-year funding for casino gaming security. In addition, construction is underway for a high-tech forensic science laboratory with completion expected in June 2000.

The fiscal year 2000 budget continues the Governor's support of enhanced trooper strength dedicated to patrolling Michigan's roads. The Department of State Police will conduct the 119th recruit school in fiscal year 2000. With this new recruit school, over 12 recruit schools will have trained more than 1,030 troopers since Governor Engler took office. Currently, over 40 percent of all enlisted personnel have been hired since 1991.

## FIXING MICHIGAN'S ROADS

With the Governor's Build Michigan II plan and the federal transportation funding package firmly in place, Michigan will begin the 21st century with its most aggressive program yet for strengthening the state's transportation infrastructure. Michigan's successful efforts to secure additional state and federal road funding will allow the Department of Transportation to continue to repair, maintain, and rebuild our roads and bridges at a record pace in fiscal year 2000.

**Governor Engler Improves More Miles of Roads Than at Any Time in State History**



The Governor's fiscal year 2000 budget recommendation totals \$2.8 billion. Highlights of the budget include a \$1.25 billion program for state trunkline road repair and maintenance including \$185 million to continue the six-year program to address critical safety and preservation needs for the state's bridges, and funding for long awaited construction projects located across the state.

The Governor recently unveiled a five-year plan of proposed highway capital investment. This five-year list of highway and bridge projects will focus state investment—providing the most efficient use of additional federal and state resources. The plan includes a record \$6.3 billion to repair and rebuild 7,000 miles of state highways and to rehabilitate 1,400 bridges across the state from 1999-2003.

In addition, the department has prepared a comprehensive border crossing strategy focused on reducing delays at Michigan's borders through technology and infrastructure improvements. The five-year plan includes over \$425 million in strategic investment for these efforts. Michigan is actively seeking its share of TEA-21 federal dollars to fund these border crossing improvements.

Further, the fiscal year 2000 budget recommendation provides over \$1.1 billion in support of local road and bridge projects. This \$1.1 billion represents a substantial investment in local roads and bridges and includes \$897 million distributed to local governments according to the statutory formula contained in Public Act 51. Local units of government have benefitted from a \$237 million, or 36 percent increase in statutory payments since 1997 through the formula distribution.

## BOOSTING MICHIGAN'S AGRICULTURAL INDUSTRY

The number one priority of the Department of Agriculture has and will continue to be food safety. The department's commitment is demonstrated through its partnerships with universities and industry to protect the safety and health of our citizens.

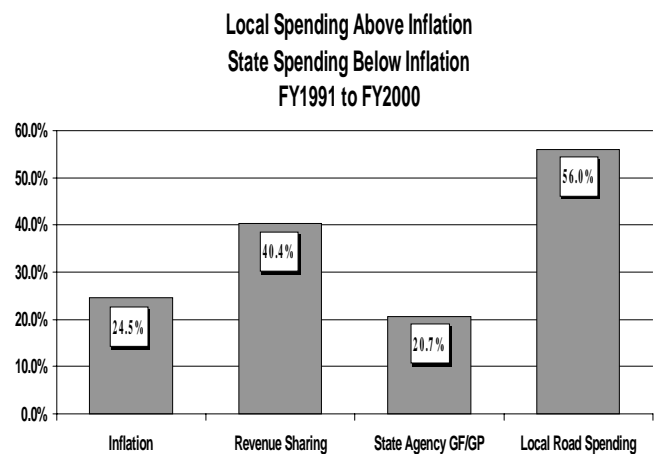
The Executive Budget recommends increasing the funding for Project GREEN (Generating Research and Extension to meet Economic and Environmental Needs) to \$6 million, a \$2 million increase from the current year. This project is a joint initiative of Michigan State University, the Department of Agriculture, and the agriculture industry. The goal is to boost the state's economy by providing innovative solutions to emerging issues in plant agriculture through an integrated pollution prevention and food safety initiative.

In response to the bovine tuberculosis outbreak in the northeastern part of the lower peninsula, the Governor is recommending a \$9.6 million fiscal year 1999 supplemental appropriation. The funds will be used to continue the surveillance program in the affected five-county area, as well as for indemnification payments to livestock owners for the destruction of their animal herds pursuant to the provisions of the state's animal industry act.

## REVENUE SHARING AND OTHER LOCAL SPENDING

In January, Governor Engler signed into law a new Revenue Sharing Act. The new law establishes a more equitable distribution formula for local units of government.

The new formula eliminates incentives for local government taxation and equalizes disparities in revenue raising capabilities. The new formula also recognizes the variety of services provided by local governments of different sizes and types. Revenue sharing distributions are recommended at \$1.43 billion, a \$47 million, or 3.4 percent increase from the current year.

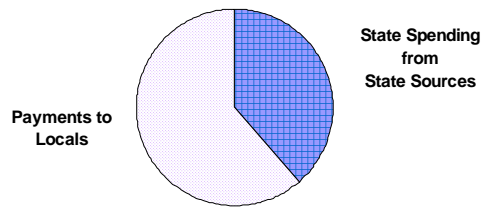


Once again, the Governor's fiscal year 2000 budget far exceeds the state's constitutional funding obligations for local units of government. Aggregate payments to local units of government are estimated to reach \$14.5 billion in fiscal year 2000, fully \$2.9 billion above the amount required in the Michigan constitution.



Throughout the budget, large payments can be found to local units of government such as funding for education, transportation, revenue sharing, and health. State spending to local units of governments represents an impressive 61 percent of total state resources.

#### **State Spending to Local Governments Exceeds 60% of State Resources**



#### **Conclusion**

The preceding is a summary of the major highlights of Governor Engler's fiscal year 2000 Executive budget. Additional detail is provided in subsequent sections of this narrative. In the months ahead, state agencies will work with legislative committees to review these recommendations and to enact a budget for the state.

States around the country have wrestled with the same public policy issues as Michigan, but few have had the success we have had in crafting strong annual fiscal plans that provide resources for critical programs, while dramatically reducing overall tax burdens. The combined work of the Governor, the Michigan Legislature, and state agencies during the 1990s is a model for the nation of strong and effective fiscal management. This budget offers the opportunity to build on this great record.

## Recommendation Summary

General Fund/General Purpose  
Net of Program Transfers

Department	FY99 Appropriations	FY2000 Executive Recommendation	Change FY99 to FY2000	
			Amount	Percent
Agriculture	\$39,000,000	\$40,883,900	\$1,883,900	4.83%
Attorney General	30,754,400	32,078,800	1,324,400	4.31%
Capital Outlay	247,961,900	277,311,131	29,349,231	11.84%
Civil Rights	12,504,800	12,989,300	484,500	3.87%
Civil Service	12,784,700	10,797,200	(1,987,500)	-15.55%
Community Health	2,541,252,600	2,549,245,000	7,992,400	0.31%
Consumer and Industry Services	71,500,000	77,357,500	5,857,500	8.19%
Corrections	1,368,557,100	1,486,579,000	118,021,900	8.62%
Education	44,393,800	37,867,000	(6,526,800)	-14.70%
Environmental Quality	92,501,300	96,096,400	3,595,100	3.89%
Executive Office	5,100,400	5,425,100	324,700	6.37%
Family Independence Agency	1,042,300,000	1,058,784,500	16,484,500	1.58%
Higher Education:				
Community Colleges	282,000,000	292,962,019	10,962,019	3.89%
Universities/Grants & Fin. Aid	1,600,500,000	1,663,429,208	62,929,208	3.93%
Judiciary	151,343,500	160,491,200	9,147,700	6.04%
Legislature	91,395,200	99,944,700	8,549,500	9.35%
Legislative Auditor General	11,983,400	12,501,000	517,600	4.32%
Library of Michigan	32,977,400	33,918,500	941,100	2.85%
Management and Budget	44,680,000	44,809,200	129,200	0.29%
Michigan Jobs Commission	108,519,800	80,052,100	(28,467,700)	-26.23%
Career Development		15,144,900		
Michigan Strategic Fund Agency		64,907,200		
Military and Veterans Affairs	36,524,000	37,252,200	728,200	1.99%
Natural Resources	49,650,000	50,995,000	1,345,000	2.71%
School Aid	420,613,500	420,613,500	0	0.00%
State	62,482,000	58,630,100	(3,851,900)	-6.16%
State Police	258,373,000	267,386,600	9,013,600	3.49%
Transportation	0	0	0	0.00%
Treasury	57,501,900	69,798,400	12,296,500	21.38%
Debt Service	93,417,500	93,417,500	0	0.00%
<b>TOTAL</b>	<b>\$8,810,572,200</b>	<b>\$9,071,616,058</b>	<b>\$261,043,858</b>	<b>2.96%</b>

## Recommendation Summary

Federal Funds  
Net of Program Transfers

Department	FY99 Appropriations	FY2000 Executive Recommendation	Change FY99 to FY2000	
			Amount	Percent
Agriculture	\$5,113,600	\$5,379,900	\$266,300	5.21%
Attorney General	6,242,100	6,401,700	159,600	2.56%
Capital Outlay	75,209,000	78,599,550	3,390,550	4.51%
Civil Rights	1,600,000	1,634,000	34,000	2.13%
Civil Service	1,279,100	4,779,100	3,500,000	273.63%
Community Health	3,682,772,100	4,063,811,400	381,039,300	10.35%
Consumer and Industry Services	203,933,500	217,890,000	13,956,500	6.84%
Corrections	19,828,800	24,686,400	4,857,600	24.50%
Education	803,836,400	910,165,900	106,329,500	13.23%
Environmental Quality	127,020,800	126,831,500	(189,300)	-0.15%
Executive Office	0	0	0	0.00%
Family Independence Agency	1,704,477,600	2,299,925,200	595,447,600	34.93%
Higher Education:				
Community Colleges	0	0	0	0.00%
Universities/Grants & Fin. Aid	3,600,000	3,600,000	0	0.00%
Judiciary	2,870,500	3,124,600	254,100	8.85%
Legislature	0	0	0	0.00%
Legislative Auditor General	0	0	0	0.00%
Library of Michigan	4,109,800	4,109,800	0	0.00%
Management and Budget	590,700	536,400	(54,300)	-9.19%
Michigan Jobs Commission	436,587,600	453,526,500	16,938,900	3.88%
Career Development		400,323,300		
Michigan Strategic Fund Agency		53,203,200		
Military and Veterans Affairs	27,970,100	31,637,400	3,667,300	13.11%
Natural Resources	19,330,600	22,768,200	3,437,600	17.78%
School Aid	120,000,000	120,000,000	0	0.00%
State	959,600	3,112,100	2,152,500	224.31%
State Police	30,039,400	29,981,400	(58,000)	-0.19%
Transportation	831,817,800	831,671,000	(146,800)	-0.02%
Treasury	39,076,100	39,800,000	723,900	1.85%
Debt Service	0	0	0	0.00%
<b>TOTAL</b>	<b>\$8,148,265,200</b>	<b>\$9,283,972,050</b>	<b>\$1,135,706,850</b>	<b>13.94%</b>

## Recommendation Summary

Other State, Private and Local Funds  
Net of Program Transfers

Department	FY99 Appropriations	FY2000 Executive Recommendation	Change FY99 to FY2000	
			Amount	Percent
Agriculture	\$34,192,800	\$31,491,400	(\$2,701,400)	-7.90%
Attorney General	7,509,200	7,965,000	455,800	6.07%
Capital Outlay	76,827,100	54,611,700	(22,215,400)	-28.92%
Civil Rights	0	0	0	0.00%
Civil Service	11,218,100	10,709,200	(508,900)	-4.54%
Community Health	1,189,801,500	1,184,561,100	(5,240,400)	-0.44%
Consumer and Industry Services	187,455,500	194,265,100	6,809,600	3.63%
Corrections	46,949,800	48,760,700	1,810,900	3.86%
Education	20,323,500	34,126,300	13,802,800	67.92%
Environmental Quality	174,144,700	156,839,400	(17,305,300)	-9.94%
Executive Office	0	0	0	0.00%
Family Independence Agency	168,160,800	149,959,800	(18,201,000)	-10.82%
Higher Education:				
Community Colleges	0	0	0	0.00%
Universities/Grants & Fin. Aid	0	5,250,000	5,250,000	0.00%
Judiciary	59,223,000	60,220,800	997,800	1.68%
Legislature	1,441,800	1,441,800	0	0.00%
Legislative Auditor General	293,800	293,800	0	0.00%
Library of Michigan	161,900	161,900	0	0.00%
Management and Budget	37,253,700	39,579,000	2,325,300	6.24%
Michigan Jobs Commission	18,779,000	32,101,900	13,322,900	70.95%
Career Development		18,395,200		
Michigan Strategic Fund Agency		13,706,700		
Military and Veterans Affairs	21,316,600	22,784,100	1,467,500	6.88%
Natural Resources	151,972,300	161,170,000	9,197,700	6.05%
School Aid	9,074,461,900	9,514,489,000	440,027,100	4.85%
State	60,111,700	61,483,300	1,371,600	2.28%
State Police	44,782,300	45,362,000	579,700	1.29%
Transportation	1,918,619,300	1,968,600,400	49,981,100	2.61%
Treasury	1,552,340,000	1,616,689,100	64,349,100	4.15%
Debt Service	700,000	700,000	0	0.00%
<b>TOTAL</b>	<b>\$14,858,040,300</b>	<b>\$15,403,616,800</b>	<b>\$545,576,500</b>	<b>3.67%</b>



## Recommendation Summary

All Funds  
Net of Program Transfers

Department	FY99* Appropriations	FY2000** Executive Recommendation	Change FY99 to FY2000	
			Amount	Percent
Agriculture	\$79,150,700	\$86,327,100	\$7,176,400	9.07%
Attorney General	52,683,500	55,132,300	2,448,800	4.65%
Capital Outlay	404,498,000	416,022,381	11,524,381	2.85%
Civil Rights	14,104,800	14,623,300	518,500	3.68%
Civil Service	27,415,600	28,585,500	1,169,900	4.27%
Community Health	7,483,537,800	7,868,269,400	384,731,600	5.14%
Consumer and Industry Services	467,564,300	493,533,500	25,969,200	5.55%
Corrections	1,441,935,000	1,566,641,700	124,706,700	8.65%
Education	869,926,700	983,215,900	113,289,200	13.02%
Environmental Quality	400,787,900	396,546,000	(4,241,900)	-1.06%
Executive Office	5,100,400	5,425,100	324,700	6.37%
Family Independence Agency	2,915,088,400	3,508,819,500	593,731,100	20.37%
Higher Education:				
Community Colleges	282,000,000	292,962,019	10,962,019	3.89%
Universities/Grants & Fin. Aid	1,604,100,000	1,672,279,208	68,179,208	4.25%
Judiciary	215,432,400	226,140,800	10,708,400	4.97%
Legislature	92,837,000	101,386,500	8,549,500	9.21%
Legislative Auditor General	13,804,300	14,321,900	517,600	3.75%
Library of Michigan	37,249,100	38,190,200	941,100	2.53%
Management and Budget	133,640,200	137,400,800	3,760,600	2.81%
Michigan Jobs Commission	565,033,400	566,827,500	1,794,100	0.32%
Career Development		434,910,400		
Michigan Strategic Fund Agency		131,917,100		
Military and Veterans Affairs	85,810,700	91,673,700	5,863,000	6.83%
Natural Resources	228,001,500	239,576,300	11,574,800	5.08%
School Aid	9,615,075,400	10,055,102,500	440,027,100	4.58%
State	170,157,900	180,056,300	9,898,400	5.82%
State Police	351,453,700	363,263,200	11,809,500	3.36%
Transportation	2,779,794,600	2,810,730,900	30,936,300	1.11%
Treasury	1,664,521,700	1,735,098,100	70,576,400	4.24%
Debt Service	94,117,500	94,117,500	0	0.00%
<b>TOTAL</b>	<b>\$32,094,822,500</b>	<b>\$34,042,269,108</b>	<b>\$1,947,446,608</b>	<b>6.07%</b>

# Fiscal Year 2000

## Executive Budget Recommendation

*(Amounts in Thousands)*

Department	FY99 Current Law		FY2000 Executive Budget Recommendation	
	Gross	GF/GP	Gross	GF/GP
Agriculture	79,150.7	39,000.0	86,327.1	40,883.9
Attorney General	52,683.5	30,754.4	55,132.3	32,078.8
Capital Outlay	404,498.0	247,961.9	416,022.4	277,311.1
Civil Rights	14,104.8	12,504.8	14,623.3	12,989.3
Civil Service	27,415.6	12,784.7	28,585.5	10,797.2
Community Health	7,483,537.8	2,541,252.6	7,868,269.4	2,549,245.0
Consumer and Industry Services	467,564.3	71,500.0	493,533.5	77,357.5
Corrections	1,441,935.0	1,368,557.1	1,566,641.7	1,486,579.0
Education	869,926.7	44,393.8	983,215.9	37,867.0
Environmental Quality	400,787.9	92,501.3	396,546.0	96,096.4
Executive Office	5,100.4	5,100.4	5,425.1	5,425.1
Family Independence Agency	2,915,088.4	1,042,300.0	3,508,819.5	1,058,784.5
Higher Education:				
Community Colleges	282,000.0	282,000.0	292,962.0	292,962.0
Universities/Grants & Fin. Aid	1,604,100.0	1,600,500.0	1,672,279.2	1,663,429.2
Judiciary	215,432.4	151,343.5	226,140.8	160,491.2
Legislature	92,837.0	91,395.2	101,386.5	99,944.7
Legislative Auditor General	13,804.3	11,983.4	14,321.9	12,501.0
Library of Michigan	37,249.1	32,977.4	38,190.2	33,918.5
Management and Budget	133,640.2	44,680.0	137,400.8	44,809.2
Michigan Jobs Commission	565,033.4	108,519.8	566,827.5	80,052.1
Career Development			434,910.4	15,144.9
Michigan Strategic Fund Agency			131,917.1	64,907.2
Military and Veterans Affairs	85,810.7	36,524.0	91,673.7	37,252.2
Natural Resources	228,001.5	49,650.0	239,576.3	50,995.0
School Aid	9,615,075.4	420,613.5	10,055,102.5	420,613.5
State	170,157.9	62,482.0	180,056.3	58,630.1
State Police	351,453.7	258,373.0	363,263.2	267,386.6
Transportation	2,779,794.6	0.0	2,810,730.9	0.0
Treasury	1,664,521.7	57,501.9	1,735,098.1	69,798.4
Debt Service	94,117.5	93,417.5	94,117.5	93,417.5
<b>TOTAL</b>	<b>32,094,822.5</b>	<b>8,810,572.2</b>	<b>34,042,269.1</b>	<b>9,071,616.1</b>

## State Spending from State Sources and Payments to Local Units of Government

	<u>State Spending From State Sources</u>	<u>Payments to Local Units of Government</u>
Agriculture	\$71,633,400	\$1,400,000
Attorney General	38,937,000	0
Capital Outlay	321,911,231	25,940,100
Civil Rights	12,989,300	0
Civil Service	19,656,400	0
Community Health	2,872,787,000	1,068,899,800
Consumer and Industry Services	270,830,700	33,773,700
Corrections	1,534,926,900	78,816,500
Education	65,161,700	27,472,600
Environmental Quality	251,279,800	6,419,900
Executive Office	5,425,100	0
Family Independence Agency	1,182,350,000	169,620,300
Higher Education:		
Community Colleges	292,962,019	292,962,019
Universities	1,542,847,431	0
Grants and Financial Aid	125,831,777	4,566,584
Judiciary	216,561,900	112,984,700
Legislature	100,986,500	0
Legislative Auditor General	12,794,800	0
Library of Michigan	34,005,400	21,521,000
Management and Budget	84,388,200	0
Michigan Jobs Commission		
Career Development	20,065,200	0
Michigan Strategic Fund	77,957,200	31,000,000
Military and Veterans Affairs	59,661,300	61,900
Natural Resources	210,466,400	21,309,700
School Aid	9,935,102,500	9,929,580,300
State	119,613,300	69,800
State Police	309,268,800	18,041,800
Transportation	1,963,300,400	1,092,775,100
Treasury	1,777,657,800	1,515,598,900
	<hr/>	<hr/>
Total	<u><u>\$23,531,359,458</u></u>	<u><u>\$14,452,814,703</u></u>

Percentage of State Spending from State Sources  
as Payments to Local Units of Government

61.42%

# Department Highlights and Budget Summaries

---

# State School Aid

(Amounts in thousands)

## FUNDING HISTORY \*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$749,134.1		\$377,935.4	\$420,613.5	\$420,613.5
All Funds	\$2,992,824.9		\$9,403,340.4	\$9,615,075.4	\$10,055,102.5
	% Change -GF/GP			11.29%	0.0%
	% Change - All Funds			2.25%	4.58%

## KEY ISSUES

	<u>GF/GP</u>	<u>ALL FUNDS</u>
Foundation Allowance Increase of 3.5% to \$8.3 Billion	\$0.0	\$344,612.5
Special Education Funding Increase to \$818.6 Million	\$0.0	\$58,451.4
At-Risk Funding Increase to \$269.1 Million	\$0.0	\$9,100.0
School Readiness Program Increase to \$60.2 Million	\$0.0	\$5,000.0
ISD Operational Funding Increase by 3.5% to \$82.6 Million	\$0.0	\$2,794.8
Michigan Manufacturing Technology Program Implementation	\$0.0	\$1,800.0
Court-Placed Pupils Added Cost Increase to \$7.9 Million	\$0.0	\$900.0
Elimination of One-Time Supplemental Payment of \$51 Per Pupil Minimum	\$0.0	(\$96,350.0)
Elimination of One-Time Durant-Related Settlement Payments to Small Non-Plaintiff Districts	\$0.0	(\$1,700.0)
Elimination of Career Preparation System Planning Funds	\$0.0	(\$350.0)
Elimination of One-Time Small Class Size Study Funding	\$0.0	(\$250.0)
Elimination of One-Time Payments to ISDs for Adjustments in Taxable Values	\$0.0	(\$62.0)
<b>FY2000 Enacted Budget</b>	<b>\$420,613.5</b>	<b>\$9,939,022.1</b>
Foundation Allowance Increase to \$8.4 Billion Due to Increase in Estimated Pupil Counts and Lowered Local Revenue Estimates	\$0.0	\$114,614.6
ISD Vocational Education Millage Reimbursement Adjustment	\$0.0	\$700.0
Renaissance Zone Reimbursement Costs Adjustment	\$0.0	\$415.8
Career Preparation System Technical Assistance	<u>\$0.0</u>	<u>\$350.0</u>
Subtotal	\$0.0	\$116,080.4

\*Adjusted for program transfers

<b>FY2000 Executive Recommendation</b>	<b>\$420,613.5</b>	<b>\$10,055,102.5</b>
--	--------------------	-----------------------

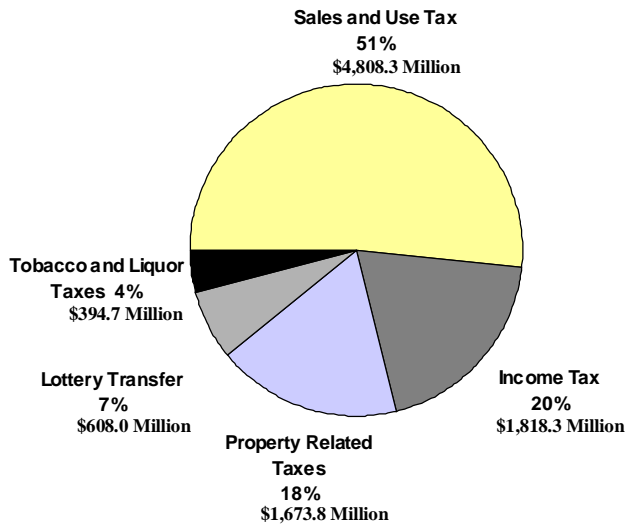


# State School Aid

The key to Michigan's success is the quality of our schools. Governor Engler's top priority has consistently been education and improving Michigan's public schools. The Governor's first budget - and all subsequent budgets - have protected and increased education spending. Now, as Michigan approaches the 21st century, that commitment to full funding has grown even stronger. Total

funding for schools will exceed \$13 billion by fiscal year 2000. State and local components of total funding will climb to \$12.5 billion, an increase of 57 percent since 1990. For the third year in a row, the state will spend more state dollars on K-12 education than is spent in the entire general fund budget. In addition, schools will receive nearly \$1 billion in federal funds from programs administered by the Department of Education.

**School Aid Fund Revenues**  
Total Earmarked Resources: \$9,303.1 Million



Over \$9.3 billion in various state revenues are dedicated to the School Aid fund. Examples of dedicated taxes include \$4.8 billion in sales and use taxes, \$1.8 billion from income taxes, and \$1.3 billion from the state education property tax. Proceeds from

the state's lottery, which is fully dedicated to the support of education, contribute over \$600 million annually. The remaining school aid fund revenues are a combination of other smaller earmarked taxes.

A variety of revenue sources are dedicated to the School Aid Fund.

## Full State Funding for Fiscal Years 1999 and 2000

The School Aid budget for fiscal year 2000 has already been enacted. Revisions to the enacted budget are recommended in order to fully fund the state's commitment to the K-12 system.

The revised recommendations include an increase of \$64 million for per pupil foundation payments in fiscal year 1999 and an additional increase of \$114.6 million in fiscal year 2000. These increases are necessary for two reasons: 1) significant increases in estimated pupil counts, and 2) lower estimates of local revenue, which offset the state cost of foundation allowances. This additional funding will insure that the basic foundation allowance remains at \$5,462 in fiscal year 1999 and \$5,652 in fiscal year 2000. No district will receive foundation allowances of less than \$5,170 per pupil in fiscal year 1999 or \$5,550 per pupil in fiscal year 2000.

## Other Recommended Revisions

The fiscal year 2000 budget recommends the restoration of \$350,000 to allow the departments of Education and Career Development to provide technical assistance to school districts, local workforce development boards, and the Council for Career Preparation Standards .

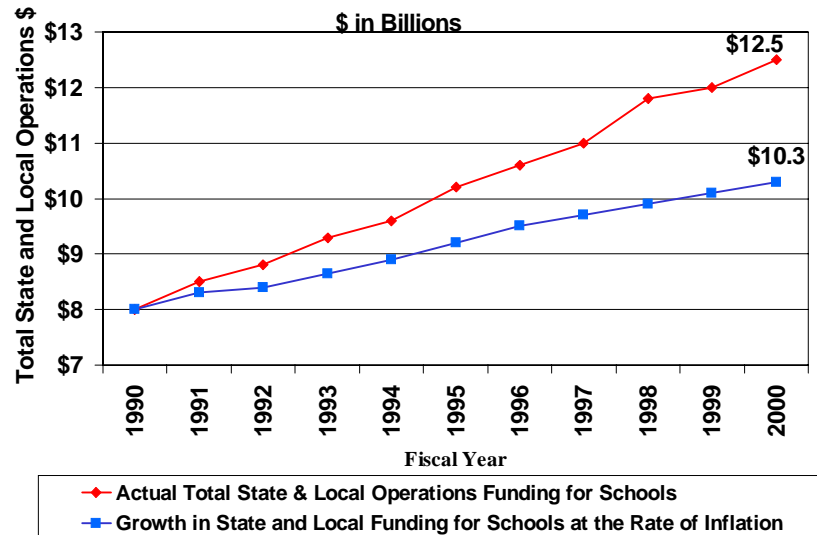
Other changes include an increase of \$350,000 to the one-time fiscal year 1999 supplemental payment of a minimum \$51 per pupil, adjustments to Renaissance Zone reimbursement costs, and an increase of \$700,000 to intermediate school district vocational education millage reimbursement funding in fiscal years 1999 and 2000.

State funding provided for support of public schools and Michigan's 1.7 million pupils will total \$9.6 billion in fiscal year 1999 and \$9.94 billion in fiscal year 2000.

## Increased Funding Equity

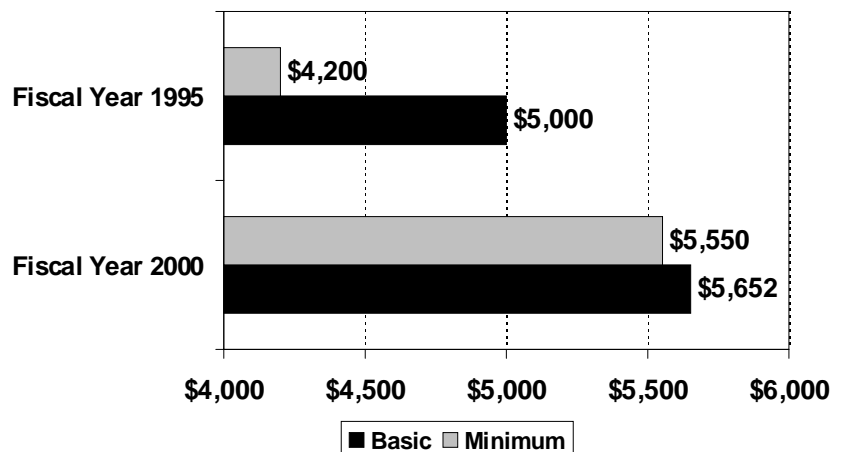
Since taking office, the Governor has consistently strived for educational equity and educational excellence. A cornerstone of his agenda was Proposal A - the school finance reform of 1994 - which significantly reduced the funding disparity that existed among school districts. Prior to Proposal A, inequities in school funding ranged from \$3,398 per pupil in the lowest spending districts to \$10,294 in the highest spending district. Since the 1994-95 school year, the lowest spending districts have received greater dollar increases in their foundation grant than the higher spending districts. As a result, every school in Michigan will be spending a minimum of \$5,550 per pupil in fiscal year

## Total State and Local Funding Has Outpaced Inflation



**Minimum  
of \$5,550  
for every  
child in  
Michigan.**

## Closing the Funding Gap



2000. The gap between the lowest spending districts and the benchmark basic foundation allowance will only be \$102 per pupil.

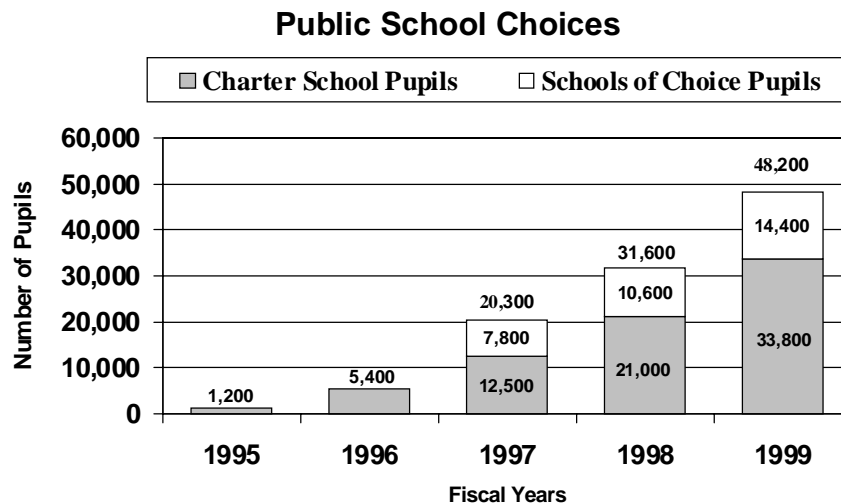
### More Choice

Governor Engler has been aggressive in creating innovative education choices for Michigan parents and students. Michigan's ambitious charter school initiative and schools of choice programs have opened new opportunities to nearly 50,000 students.

Michigan has one of the most comprehensive charter school laws in the nation to provide students, parents and teachers the freedom to achieve excellence. Currently, charter schools may be authorized by universities, community colleges, intermediate school districts, and local school districts. In fiscal year 1995, the first year of charter school implementation, there were 14 charter schools serving nearly 1,200 students. In the 1998-99 school year, there are 137 charter schools serving almost 34,000 students.

Schools of choice options allow students to attend any public school within their intermediate school district. Nearly half of Michigan's 555 school districts are offering families a choice. During the 1998-99 school year, over 14,000 students took advantage of this opportunity.

Nearly  
50,000  
students  
are taking  
advantage  
of new  
education  
choices.



Program Outcomes	FY97		FY98		FY99	FY00
	<u>Grade</u> 4/5	<u>Grade</u> 7/8	<u>Grade</u> 4/5	<u>Grade</u> 7/8		
Improve MEAP scores by 2 percentage points in the number of students attaining satisfactory scores.	Math 60.5	60.5	Math 74.1	51.4	+2%	+2%
	Reading 49.0	40.4	Reading 58.6	48.8	+2%	+2%
	Science 36.8	17.5	Science 40.4	22.0	+2%	+2%
	Writing 73.4	77.0	Writing 64.3	69.0	+2%	+2%
	<u>High School</u>		<u>High School</u>			
For FY98 and future years, improve the MEAP high school test scores by 2 percentage points in the number of students meeting or exceeding Michigan standards.	Math 52.9		Math 60.5		+2%	+2%
	Reading 41.1		Reading 58.9		+2%	+2%
	Science 38.5		Science 51.7		+2%	+2%
	Writing 30.3		Writing 56.6		+2%	+2%
Improve the ACT scores of high school seniors by an increase of .2 or more points.	21.3		21.3		+0.2	+0.2
Increase the high school graduation rate by 2 percentage points.	73.1%		+2%		+2%	+2%

# Universities, Grants and Financial Aid

(Amounts in thousands)

## FUNDING HISTORY \*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$1,193,518.7		\$1,555,931.8	\$1,600,500.0	\$1,663,429.2
All Funds	\$1,197,173.8		\$1,561,031.8	\$1,604,100.0	\$1,672,279.2
	% Change - GF/GP			2.9%	3.9%
	% Change - All Funds			2.8%	4.3%

## KEY ISSUES

## GF/GP

## ALL FUNDS

Across-the-Board Increase for Universities (1.5%)	\$21,559.6	\$21,559.6
Establishment of State Universities Funding Floors (1.0%)	\$14,476.0	\$14,476.0
Tuition Restraint Incentive Grants	\$23,600.0	\$23,600.0
Across-the-Board Increase for State and Regional Programs, Student Financial Aid and Degree Reimbursements (2.5%)	\$4,390.6	\$4,390.6
Tuition Incentive Program (TIP) One-Time Revenue Replacement and Funding Shift	(\$1,750.0)	\$3,500.0
Western Michigan University School of Aviation Sciences	\$500.0	\$500.0
Other Adjustments	<u>\$153.0</u>	<u>\$153.0</u>
Subtotal	\$62,929.2	\$68,179.2

\*Adjusted for program transfers

FY2000 Executive Recommendation	\$1,663,429.2	\$1,672,279.2
---------------------------------	---------------	---------------

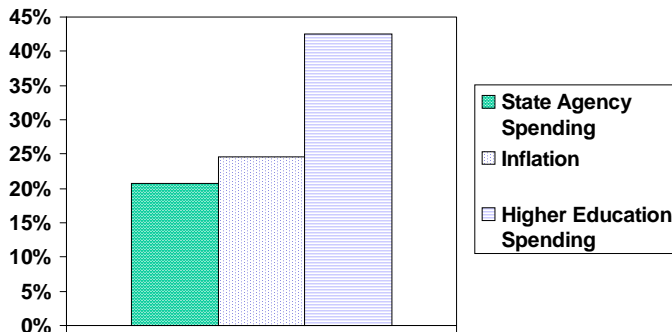


# Universities, Grants and Financial Aid

The Governor is committed to ensuring that Michigan's higher education institutions are accessible, affordable and accountable. The Governor's budget recommendation for fiscal year 2000 continues the state's commitment to Michigan's system of higher education. Since fiscal year 1991, the general fund

budget for higher education has increased by \$495 million—over 40 percent — more than double the increase in state agency general fund spending.

Change from FY1991 to FY2000



## Michigan Merit Award Program

The fiscal year 2000 higher education budget reflects the Governor's vision for a "smart-state" strategy by expanding postsecondary educational opportunities using dedicated tobacco settlement revenue to endow the Michigan Merit Award scholarship program. The

Michigan Merit Award scholarship program has both a high school graduation and a middle school component. Beginning with the graduating class of 2000, each graduating student passing the High School Scholarship Test (formerly called the high school proficiency test) will receive a one-time \$2,500 scholarship to pay for postsecondary education. The middle school component provides each middle school student who passes the Michigan Educational Assessment Program (MEAP) tests with a \$500 Michigan Merit Award credit beginning with the 1999-2000 school year. This credit will be added to the \$2,500 Michigan Merit Award for those who pass the High School Scholarship Test to provide a total scholarship of \$3,000 for students in the high school graduating class of 2004.

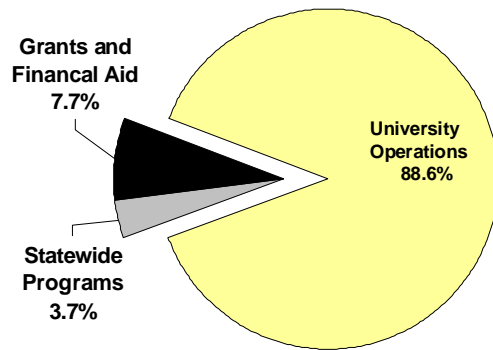
Funding  
for Higher  
Education  
outstrips  
inflation.

## University Operations Funding

Michigan's system of higher education is one of the most respected in the nation. The Governor's fiscal year 2000 budget continues strong state support for public university operations by recommending an overall funding increase of \$58.5 million—a 4 percent increase, which is double the expected inflation rate of 2 percent. In order to achieve more equity in funding between universities, the Governor recommends that this overall funding increase be distributed as follows:

- A 1.5 percent across-the-board increase for all universities, totaling nearly \$21.6 million;
- A \$14.5 million increase (one percent) to be distributed to those universities whose current state funding per student is below other universities offering similar programs and degrees; and
- Contingent upon repeal of the Tuition Tax Credit, \$22 million for universities who restrain their annual resident undergraduate tuition increase to 3 percent or less.

## Higher Education Spending Fiscal Year 2000



University Operations (\$ In Millions)	FY2000 Proposed
Lake Superior State University	\$13.2
University of Michigan - Flint	\$21.9
Saginaw Valley State University	\$24.1
University of Michigan - Dearborn	\$25.7
Oakland University	\$47.0
Northern Michigan University	\$48.7
Michigan Technological University	\$50.5
Ferris State University	\$51.5
Grand Valley State University	\$53.5
Central Michigan University	\$80.1
Eastern Michigan University	\$80.7
Western Michigan University	\$114.9
Wayne State University	\$236.7
Michigan State University	\$299.7
University of Michigan	\$333.3
<b>Total University Operations</b>	<b>\$1,481.4</b>

Nearly  
89% of  
higher  
education  
funding  
supports  
university  
operational  
costs.

**Pupil Funding Equity Formula** — Universities that offer similar programs and degrees should receive similar levels of state funding. Based on an analysis of university-reported instructional costs by program and student level, the universities are grouped into four categories. These four groupings reflect universities offering comparable programs and uses statewide average costs to establish the funding classifications. Minimum per resident student funding floors were established for each category and \$14.5 million (equal to a one percent increase) is recommended for distribution to those universities whose current state payments are below the funding floor for their category, with a 5 percent cap on increases to any institution.

- **Funding Floor of \$8,500 per Resident Student**  
Michigan State University  
Michigan Technological University  
University of Michigan-Ann Arbor  
Wayne State University
- **Funding Floor of \$4,700 per Resident Student**  
Oakland University  
University of Michigan-Dearborn  
Western Michigan University
- **Funding Floor of \$4,600 per Resident Student**  
Central Michigan University  
Eastern Michigan University  
Ferris State University
- **Funding Floor of \$4,500 per Resident Student**  
Grand Valley State University  
Lake Superior State University  
Northern Michigan University  
Saginaw Valley State University  
University of Michigan-Flint

**Tuition Restraint Incentive Grants** — Contingent upon the repeal of the college tuition tax credit effective with the 1999 tax year, an additional \$22 million is recommended to support university operations. Each university that adopts a resident undergraduate tuition increase of 3 percent or less will receive additional state funding equal to 1.5 percent of its fiscal year 1999 funding.

#### **Capital Outlay**

Recognizing that universities must invest in new buildings and other critical infrastructure to better serve students, the state has supported over \$2 billion in capital outlay projects since 1990, funding a total of 50 projects at the 15 university campuses. These modern facilities allow our higher education institutions to maintain competitive instructional programs and prepare Michigan citizens to compete in the 21st century job market. The capital outlay recommendations for fiscal year 2000 include \$108 million in state support to pay for debt service obligations of the State Building Authority for university building projects.

#### **Student Financial Aid**

The recommended budget provides a 2.5 percent increase (\$2.6 million) for current need-based student financial aid programs including the Competitive Scholarship, Tuition Grant, and Michigan Work Study programs.

The Tuition Incentive Program (TIP) is increased by \$3.5 million to replace carry forward funding from prior years that supported the program in fiscal year 1999. Total available funds of \$5.25 million in fiscal year 2000 will cover the tuition costs for an estimated 2,700 former and current Medicaid-eligible recipients at postsecondary education institutions. The Tuition Incentive Program encourages Medicaid eligible students to complete high school by providing assistance with their tuition and fees. Fiscal year 2000 funding for the Tuition Incentive Program will come from the Michigan Merit Award Trust Fund to reflect the anticipated future coordination between that program and the Michigan Merit Award.

#### **Degree Reimbursement Programs**

The grants for general degree graduates, allied health graduates, and Michigan resident dental graduates provide support for Michigan's independent colleges and universities. A 2.5 percent funding increase is recommended for each of these programs at a cost of \$268,511. In addition, contingent upon the repeal of the college tuition tax credit, an increase of \$1.6 million is recommended in the general degree reimbursement grants to reflect the portion of the tax credit previously paid to students at independent colleges. The distribution of the additional degree reimbursement grant allocation will be made if the college or university adopts a resident undergraduate tuition and fee increase of 3 percent or less for the 1999-2000 academic year.

<b>PROGRAM OUTCOMES</b>
<p><b>Maintain North Central accreditation</b></p> <p><b>Complete fiscal year with a positive fund balance</b></p> <p>Positive general fund balance</p> <p>Positive total funds (current fund) balance</p> <p><b>Maintain or improve the share of total courses provided at non-traditional hours</b></p> <p><b>Maintain or improve share of continuing education hours</b></p> <p><b>Maintain or improve baccalaureate graduation rates</b></p> <p>Four year graduation rates</p> <p>Five year graduation rates</p> <p>Six year graduation rates</p> <p><b>Maintain or improve the percentage of graduates who find jobs</b></p> <p><b>Maintain or improve faculty contact hours with undergraduate students</b></p> <p>Credit hours and section credits taught by tenured faculty, tenure-track faculty, nontenure-track faculty, and graduate assistants</p> <p><i>Detail for each institution available from the State Budget Office</i></p>

# Community Colleges

(Amounts in thousands)

## FUNDING HISTORY\*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$212,490.5		\$274,977.6	\$282,000.0	\$292,962.0
All Funds	\$212,490.5		\$274,977.6	\$282,000.0	\$292,962.0
	% Change -GF/GP			2.6%	3.9%
	% Change - All Funds			2.6%	3.9%

## KEY ISSUES

	<u>GF/GP</u>	<u>ALL FUNDS</u>
Operations Increase of 2.5%	\$6,946.6	\$6,946.6
Tuition Restraint Incentive Grants	\$4,200.0	\$4,200.0
Renaissance Zone Tax Reimbursement Funding Adjustment	<u>(\$184.5)</u>	<u>(\$184.5)</u>
Subtotal	\$10,962.1	\$10,962.1

\*Adjusted for program transfers

FY2000 Executive Recommendation	\$292,962.0	\$292,962.0
---------------------------------	-------------	-------------

# Community Colleges

State  
funds  
provide  
one-third  
of  
community  
college  
funding.

Michigan's comprehensive community college system provides its citizens with access to affordable postsecondary education. The community colleges are playing an increasingly vital role in the provision of workforce skill enhancement and retraining, by partnering with the private sector, in an effort to maintain competitiveness in a global marketplace. Over one-half million people each year are enrolled at Michigan's community colleges in various occupational programs, preparatory courses for successful transfer to four year colleges and universities, and for continued lifelong learning experiences. The Governor's fiscal year 2000 budget recommends \$293 million gross and general fund, representing a 4 percent increase in state support for community colleges.

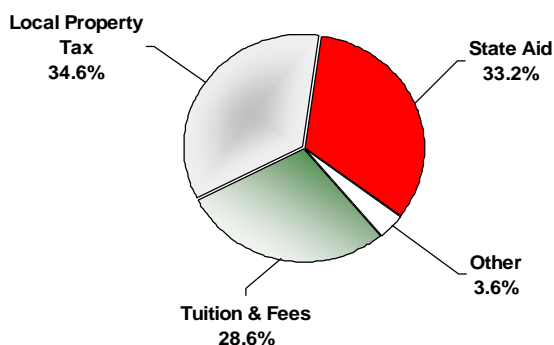
## Operations Support

The fiscal year 2000 general fund appropriation for operation of Michigan's 28 community colleges is increased by \$6.9 million to \$284.8 million, a 2.5 percent increase over the fiscal year 1999. Consistent with the method endorsed by community college presidents and trustees, half of the increase is distributed across-the-board, with the remaining being distributed utilizing the Gast-Mathieu formula.

## Tuition Restraint Incentive Grants

Contingent upon the repeal of the College Tuition Tax Credit effective for the 1999 tax year, an additional \$4.2 million is provided in the Governor's fiscal year 2000 recommendation for tuition restraint incentive grants to community colleges. The incentive grant is available to each community college which limits its student tuition increase to 3 percent or less for the 1999-2000 academic year. These tuition restraint incentive grant resources reflect an additional 1.5 percent increase for community college operations.

Community College Funding



## Michigan Merit Award

The Governor has proposed the establishment of the Michigan Merit Award — a merit-based scholarship program which will be made available to the high school graduating class of 2000. High school students who are successful in passing the reading, writing, math, and science

components of the High School Scholarship Test (formerly High School Proficiency Test) will be eligible to receive a \$2,500 scholarship which may be utilized at a Michigan university or community college of their choice. Eighth graders who are successful on the same components of the MEAP test in 7th and 8th grades will receive an additional \$500 to add to their scholarship.



### Capital Outlay

Recognizing that modern facilities will enable our community college system to maintain competitive instructional programs, the state has authorized \$435 million for 42 different community college building and renovation projects during the 1990's. The fiscal year 2000 budget also provides \$14.5 million in general fund support for State Building Authority debt service obligations on community college building projects which have been completed.

In addition, a total of \$30.0 million was awarded recently to eight community colleges to support construction of technical training centers. These centers, funded with Michigan Strategic Fund resources, will provide the necessary infrastructure and equipment to deliver technical training programs in an effort to address the critical shortage of skilled workers in high demand occupations.

### Other Recommendations

Funding for the At-Risk Student Success Program at each community college has been maintained at \$3.6 million for fiscal year 2000. This program provides additional funds to colleges for approximately 35,000 students who are academically at-risk in an effort to overcome a wide range of obstacles and maximize their learning experience.

Finally, \$368,458 is built into the fiscal year 2000 recommendation to reimburse community colleges for revenue loss as a result of the passage of the Renaissance Zone legislation.

## COMMUNITY COLLEGE PROGRAM OUTCOMES

### **Maintain North Central Accreditation**

Number of institutions accredited

### **Complete fiscal year with a positive fund balance**

Number of institutions with a positive general  
fund balance

Number of institutions with a positive total (current)  
fund balance

### **Maintain or improve percentage of students passing licensing or certification exams**

**Maintain or improve percentage of students transferring  
to 4-year institutions doing at least as well as students  
already attending those institutions**

### **Additional Related Data**

#### **Course Sections at Non- Traditional Times**

Percent

Non-Traditional Course Sections

Total Course Sections

#### **Occupational Graduates Employed or Continuing Education**

Percent

Graduates Employed

Total Graduates

*Detail for each institution available from State Budget Office*

# Department of Education

(Amounts in thousands)

## FUNDING HISTORY \*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$39,013.6		\$43,737.0	\$44,393.8	\$37,867.0
All Funds	\$360,998.3		\$835,342.0	\$869,926.7	\$983,215.9
	% Change -GF/GP			1.5%	-14.7%
	% Change - All Funds			4.1%	13.0%

## KEY ISSUES

	<u>GF/GP</u>	<u>ALL FUNDS</u>
MEAP — New Contract Costs/Funding Adjustment	(\$7,388.4)	\$5,613.7
Michigan Education Information System	\$750.0	\$750.0
New Federal Grant Awards	\$0.0	\$105,387.8
Class Size Reduction	\$50,275.7	
Reading Improvement (RPM)	\$13,000.0	
Teacher Quality Enhancement	\$2,500.0	
“GEAR-UP” Program	\$2,000.0	
Existing Award Increases	\$37,612.1	
Teacher Certification — Shift to Paperless System	\$0.0	\$500.0
Michigan Geographic Alliance Endowment — Eliminate One-time Funding	(\$300.0)	(\$300.0)
Technical Adjustments	\$2.7	(\$130.9)
Economic Adjustments	<u>\$408.9</u>	<u>\$1,468.6</u>
Subtotal	(\$6,526.8)	\$113,289.2

\*Adjusted for program transfers

FY2000 Executive Recommendation	\$37,867.0	\$983,215.9
---------------------------------	------------	-------------

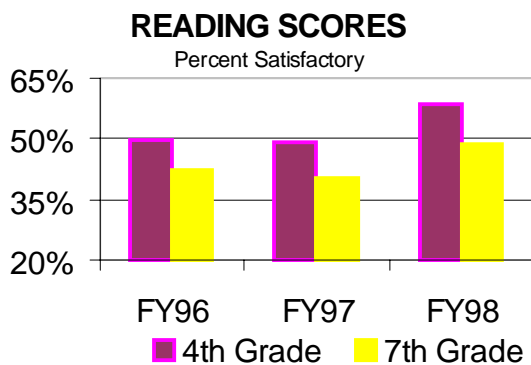
# Department of Education

Reading scores for both 4th and 7th grade students are up.

The fiscal year 2000 recommendation for the Department of Education strives to make Michigan first in the 21st Century by focusing on child literacy, student academic achievement and educational accountability. The Department of Education is responsible for administering the state school aid act and federal education programs, teacher certification, collection and dissemination of educational data, and providing technical assistance to local school districts. Total fiscal year 2000 recommended funding for the Department of Education is \$983.2 million gross, and includes over \$100 million in new federal funds.

## Reading Plan for Michigan Expands Statewide

Introduced last year, the Governor's Reading Plan for Michigan aims to have all children read at grade level by the time they reach the fourth grade. Parents and educators will be provided with tools and programming to help children achieve reading success. Expanded statewide distribution of the popular reading readiness packages for new parents (R.E.A.D.Y kits) and continued development of the school-based components of the program are key priorities for the



department during the next fiscal year. Over the next five years, it is anticipated that one million R.E.A.D.Y kits will be distributed to parents of infants, toddlers and preschool children, representing the largest statewide parent informational effort in the nation. The Governor recommends a fiscal year 1999 supplemental of \$1.75 million general fund to match corporate sponsorships for the statewide distribution of the R.E.A.D.Y kits. In addition, over \$12.4 million in new federal funds via the

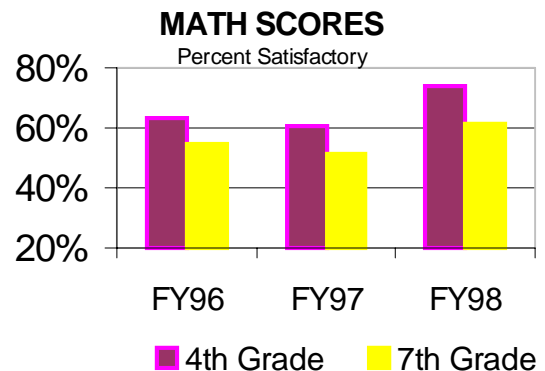
Reading Excellence Act will augment existing Goals 2000 federal funds to support the school components of this innovative program.

## New Federal Funds Supporting Key Programs

During fiscal year 2000, Michigan will receive over \$100 million in new and increased federal funds to support educational services. The centerpiece of the new federal programs is \$50 million for class size reduction initiatives. These funds are intended to support nearly 1,300 new teachers in Michigan classrooms. The Governor's recommendation also includes new and increased federal funding for disadvantaged children (\$15 million), national school lunch program (\$11.3 million), teacher quality enhancement (\$2.5 million), special education (\$4 million), adult basic education (\$2 million), "GEAR-UP" college awareness program (\$2 million), and charter schools (\$1.5 million). In addition to the federal funds that flow-thru the Department of Education, local districts are also eligible to apply directly to the Federal government for several new programs, including support for teacher quality enhancement, "GEAR-UP", bilingual education, professional development, safe and drug-free schools, teacher training in technology, and 21st century learning centers.

## Michigan Merit Awards Linked to MEAP Achievement

The Governor's recommendation rewards Michigan high school graduates who have successfully mastered reading, writing, math and science with a \$2,500 college scholarship under the Michigan Merit Award program. Middle school students are also targeted with \$500 credits available for students demonstrating similar achievement. By rewarding achievement on the Michigan Educational Assessment Program (MEAP) tests, the Governor challenges Michigan students to learn the skills they need to succeed in the 21st Century. The Governor's proposal also further establishes accountability standards for local school districts — making the measurement of student performance a key component of an overall effort to improve the quality of education in Michigan.



Included in the Governor's recommendation is an increase of \$5.6 million to support costs associated with the printing, scoring, reporting and continuing development of the MEAP tests. MEAP test development and administration will now be fully supported with funds from the Michigan Merit Award Trust Fund.

**Math  
scores  
climb.**

## Improved Access to Educational Data

The Governor's recommendation includes \$750,000 in general fund support for the development of the Michigan Educational Information Network. This new educational information network will replace an antiquated paper-driven system used by school districts for reporting student demographic, fiscal, and performance data. The shift to electronic reporting will reduce administrative demands on local school districts and lead to more student-focused research. The Michigan Educational Information Network will also assist in the publication of the Michigan School Report — a building-by-building report on student test scores, dropout rates, teacher salaries and administrative costs for every public school in Michigan. This report is available on the Internet (<http://www.mde.state.mi.us>) and through the Department of Education.

The recommendation also supports \$500,000 for a similar shift to a paperless teacher certification process - allowing individual record holders and local districts immediate access to certification records. The educational community, policymakers and the general public will benefit from the improved information capabilities that these systems will provide — empowering parents, local decision-makers, and state policymakers with the information they need to make informed choices.

<b>PROGRAM OUTCOMES</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>
Reduce the number of state forms local schools must complete	147	145	125	115
Reduce the number of unaccredited school buildings by 10 % each year	22	7	6	5
Review financial audits of local school districts as required by the Federal Single Audit Act.	432	444	450	450
NOTE: For K-12 related measures, see School Aid section				



# Michigan Jobs Commission

(Amounts in thousands)

## FUNDING HISTORY \*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$44,048.9		\$113,366.2	\$108,519.8	\$0.0
All Funds	\$451,227.2		\$518,657.8	\$565,033.4	\$0.0
	% Change - GF/GP			-4.3%	-100.0%
	% Change - All Funds			8.9%	-100.0%

## KEY ISSUES

## GF/GP

## ALL FUNDS

Transfer Economic Development Programs to the  
Michigan Strategic Fund - E.O. 1999-1

(\$64,259.9)

(\$113,229.1)

Transfer Workforce Development Programs to the  
Department of Career Development - E.O. 1999-1

(\$44,259.9)

(\$451,804.3)

Subtotal

(\$108,519.8)

(\$565,033.4)

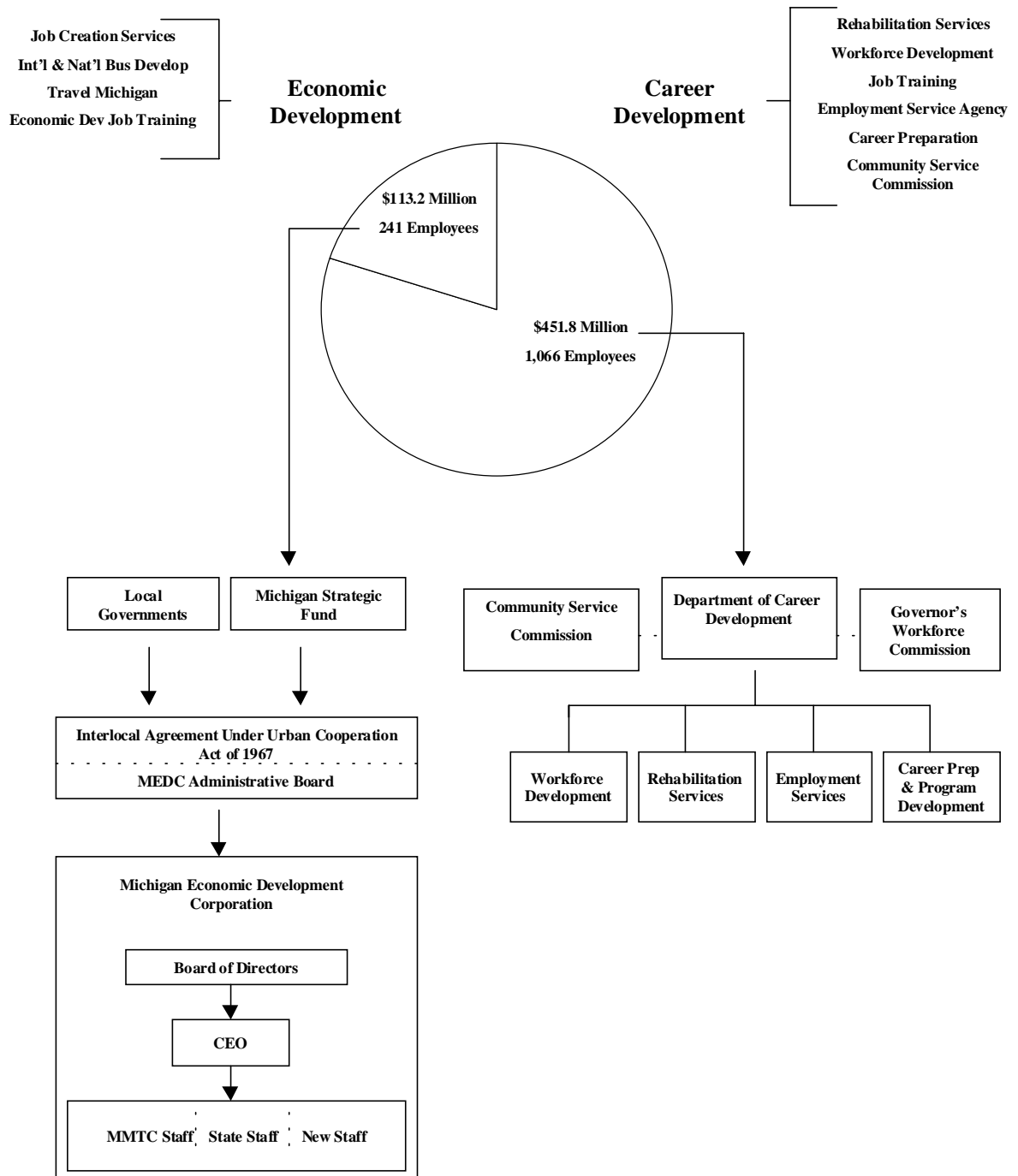
\*Adjusted for program transfers

FY2000 Executive Recommendation	\$0.0	\$0.0
---------------------------------	-------	-------

# Michigan Jobs Commission

**E**xecutive Order 1999-1 transfers all economic development programs from the Michigan Jobs Commission to the Michigan Strategic Fund, transfers workforce development functions to the Department of Career Development, and abolishes the Michigan Jobs Commission. These organizational changes will result in enhanced effectiveness in economic development programs, and will strengthen career development and training programs.

## Michigan Strategic Fund Department of Career Development



# Department of Career Development

(Amounts in thousands)

## FUNDING HISTORY \*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$17,965.4		\$46,236.5	\$44,259.9	\$15,144.9
All Funds	\$360,804.1		\$414,722.1	\$451,804.3	\$434,910.4
		% Change - GF/GP		(4.3%)	-65.8%
		% Change - All Funds		8.9%	-3.7%

## KEY ISSUES

## GF/GP

## ALL FUNDS

Transfer Welfare to Work GF/GP to FIA and  
Replace with Temporary Assistance for  
Needy Families (TANF)

(\$10,000.0)

\$0.0

Transfer Work First GF/GP to FIA and Replace  
with Temporary Assistance for Needy  
Families (TANF)

(\$19,410.0)

\$0.0

Phase-Out School to Work Grant

\$0.0

(\$7,983.3)

Economic Adjustments

\$295.0

\$1,910.2

Other Adjustments

\$0.0

(\$10,820.8)

Subtotal

(\$29,115.0)

(\$16,893.9)

\*Adjusted for program transfers

FY2000 Executive Recommendation	\$15,144.9	\$434,910.4
---------------------------------	------------	-------------

# Department of Career Development

**T**he Governor's fiscal year 2000 budget maintains strong support for workforce development programs with funding of \$434.9 million for the Department of Career Development, created through Executive Order 1999-1. This new single focus department will concentrate solely on developing a ready supply of technically educated workers. The core mission of the department is the development of a higher skilled and higher income workforce. The Department of Career Development encompasses all workforce, job training and career preparation programs formerly funded under the Michigan Jobs Commission.

The fiscal year 2000 recommendation transfers \$451.8 million gross, \$44.3 million general fund, from the Michigan Jobs Commission to the Department of Career Development. In addition, the fiscal year 2000 budget proposes a shift in financing of welfare to work programs, resulting in general fund reductions totaling \$29.4 million. Michigan's nationally recognized success in welfare reform has yielded dramatic caseload reductions. As a result, existing federal funds can be redirected to fully support efforts to move individuals from welfare to work. The highly touted Work First program will be 100 percent federally

funded maintaining current program support of over \$101.2 million, while assisting individuals in the transition from welfare dependency to work. Michigan's welfare reform strategy clearly works—since the beginning of welfare reform, nearly 200,000 families have left the welfare rolls.

---

“Michigan can claim Work First as a bona fide success story — one that promises to have an impact on generations of Michiganians.”

Lansing State Journal (3/10/98)

---

Michigan's efforts to move long-term welfare recipients and non-custodial parents to work and self-sufficiency will continue to be supported by

\$30 million in federal block grant revenues. By maximizing use of existing federal funds, \$10 million in scarce state general fund resources will be available for other priorities. In fiscal year 1999 and again in fiscal year 2000, \$10 million will be transferred to the Family Independence Agency to help fund day care services for low income families.

The fiscal year 2000 budget continues Michigan's efforts to help build a high skill, high wage workforce prepared for today's jobs and the jobs of the future. In addition to the significant resources allocated to moving individuals from welfare to work, over \$100 million is included to support programs and individualized services which enable disabled citizens to enter and succeed in the labor market. Although fiscal year 2000 marks the phase-out of federal funding for school-to-work initiatives, Michigan will continue its efforts to prepare students for the world of work through extensive career preparation activities funded through the School Aid budget.

PROGRAM OUTCOMES	FY97	FY98	FY99	FY00
<b>Prepare the state's workforce for job opportunities with Michigan businesses.</b>				
Maintain job placement and retention of Work First program participants.				
Employed	51,081	51,044	51,000	51,000
Retained 90 plus days	27,396	30,850	31,000	31,000
Increase the number of times America's Talent Bank is used by employers to locate prospective employees.	Not Applicable	280,000	300,000	400,000
Increase the number of persons with disabilities who are successfully employed.	6,556	7,000	7,100	7,200

# Michigan Strategic Fund

(Amounts in thousands)

## FUNDING HISTORY \*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$26,083.5		\$67,129.7	\$64,259.9	\$64,907.2
All Funds	\$103,423.1		\$116,935.7	\$126,229.1	\$131,917.1
	% Change - GF/GP			(4.3%)	1.0%
	% Change - All Funds			7.9%	4.5%

## KEY ISSUES

## GF/GP

## ALL FUNDS

Increase Community Development Block Grant

\$0.0

\$5,000.0

Economic Adjustments

\$647.3

\$688.0

Subtotal

\$647.3

\$5,688.0

\*Adjusted for program transfers

FY2000 Executive Recommendation	\$64,907.2	\$131,917.1
---------------------------------	------------	-------------

# Michigan Strategic Fund

**T**he fiscal year 2000 Executive Budget reflects implementation of Executive Order 1999-1, which transfers all economic development functions of the Michigan Jobs Commission to the Michigan Strategic Fund (MSF), and moves the Michigan Strategic Fund to the Department of Management and Budget as an autonomous agency.

The fiscal year 2000 Executive Recommendation for the Michigan Strategic Fund includes \$131.9 million in total funding, \$64.9 million from general fund resources. This total encompasses funding for all economic development programs formerly housed in the Michigan Jobs Commission — international and national business development activities, travel and tourism promotion, economic development grants, job creation services, and federal community development block grants — as well as funding for administration and operations. The fiscal year 2000 Executive Budget also includes \$13 million in state restricted funds transferred from the Michigan Department of Transportation under Executive Order 1999-1 to support transportation-related economic development activities. The fiscal year 2000 budget reflects an increase

of \$5 million in anticipated federal Community Development Block grant revenue in grants for local governments for economic development and public works projects.

---

The level of employment in Michigan still nearly boggles the mind...It is sweet to celebrate the state of Michigan's economy right now."

Detroit Free Press (1/22/98)

---

In fiscal year 1999, a supplemental appropriation of \$5 million general fund is recommended to construct additional technical training centers. Eight community colleges recently received \$30 million to assist in construction of new training facilities throughout the

state. The \$30 million was not sufficient to fund all the meritorious projects competing in the first round of grants. The additional \$5 million will enable expansion of this important initiative to ensure that Michigan has the facilities and equipment needed to train workers for high skill, high wage jobs.

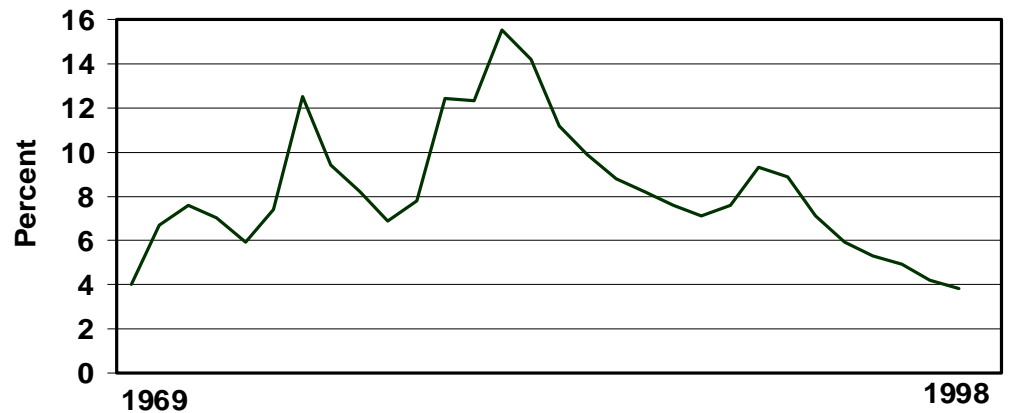
The Michigan Strategic Fund is empowered to enter into agreements with local governments to create the Michigan Economic Development Corporation (MEDC), a public economic development authority which will ensure long-term continuity and increased focus and flexibility for economic development issues. The Michigan Economic Development Corporation will further consolidate economic development programs by incorporating the Michigan Economic Growth Authority, Michigan Manufacturing Technology Center, and Michigan Technologies, Inc. MEDC will combine the strengths of state economic development staff with local, university and business partners to bring more high skill high wage jobs to Michigan.



Increased flexibility in the entrepreneurial new organization will expand Michigan's economic successes:

- Michigan is ranked number one in the nation for attracting new business sites.
- Michigan's unemployment rate has been below the national average for five years in a row.
- More than 750,000 jobs have been created since 1991.
- Renaissance zones have attracted 82 projects in 11 economically depressed areas, creating more than 4,550 jobs, and \$196 million in private investments.
- Michigan Economic Growth Authority (MEGA) projects have created 32,229 jobs, and generated capital investment of \$1.6 billion, resulting in net positive impact to the state of \$1.3 billion.

## Michigan Unemployment Rate



The unemployment rate is at its lowest rate in a generation.

PROGRAM OUTCOMES	FY97	FY98	FY99	FY00
<b>Retain existing Michigan businesses, expand investments, and attract new companies into the state.</b>				
Maintain the number of account management team contacts with Michigan businesses.	4,089	4,000	4,000	4,000
Expand new job creation through international and national business attraction.	4,089	5,000	5,500	6,050
Encourage new job creation through tax credits.	7,403	5,654	10,000	10,000
Increase the number of requests for Michigan travel information.	456,000	596,000	655,000	655,000
Upgrade the skills of existing workers and provide advanced skill training to new hires through Economic Development Jobs Training grants.	53,600	72,600	72,600	72,600

# Department of Consumer and Industry Services

(Amounts in thousands)

## FUNDING HISTORY \*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$197,819.2		\$74,323.7	\$71,500.0	\$77,357.5
All Funds	\$448,395.5		\$445,744.2	\$467,564.3	\$493,533.5
		% Change -GF/GP		-3.8%	8.2%
		% Change - All Funds		4.9%	5.6%

## KEY ISSUES

	<u>GF/GP</u>	<u>ALL FUNDS</u>
Nursing Home Quality Incentive Grants	\$4,489.0	\$10,000.0
Rent and Building Occupancy Correction	\$302.3	\$816.8
Property Development — Eliminate General Fund Support	(\$557.6)	\$0.0
Fire Safety — Restricted Funding for Construction Plan Review Staff	\$0.0	\$241.0
Occupational Safety and Health — Funding for Safety and Health Consultants	\$0.0	\$181.2
Economic Adjustments	\$1,758.8	\$11,395.7
Other Adjustments	<u>(\$135.0)</u>	<u>\$3,334.5</u>
Subtotal	\$5,857.5	\$25,969.2

\*Adjusted for program transfers

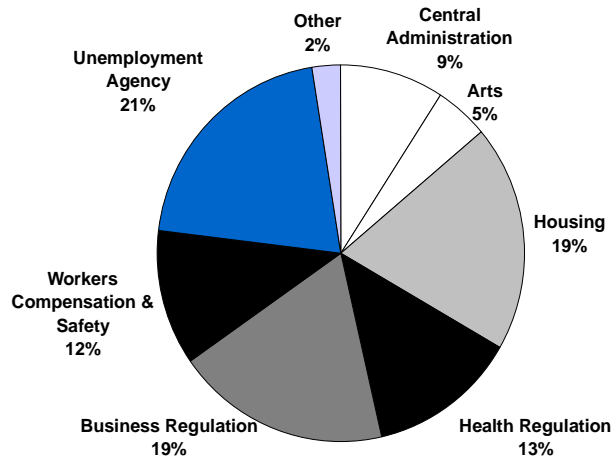
FY2000 Recommendation	\$77,357.5	\$493,533.5
-----------------------	------------	-------------

# Department of Consumer and Industry Services

**F**iscal year 2000 marks the fourth year of operation for the state's primary licensing and regulatory department. It also marks the second full year in which the administration of unemployment insurance benefits is reflected in the Consumer and Industry Services' budget. The Governor's fiscal year 2000

budget maintains the department's mission of supporting the health, safety, economic, and cultural well-being of the public through services to and regulation of the activities of organizations and individuals.

**Fiscal Year 2000 Spending by Category**



The Governor's fiscal year 2000 recommendation for the Department of Consumer and Industry Services reflects total funding of \$493.5 million, of which \$77.4 million is general fund. The recommendation enables the department to focus on delivering more effective and efficient services to its more than 1.5 million licensees. It also encourages the department to continue improving customer service in all of its operations.

The largest program in the department's budget is administration of benefits for unemployed workers.

Recent achievements and customer service successes exemplify the progress the Department is making in meeting its goals. A few examples include:

- Recouped \$1.8 million owed to the state by delinquent liquor licensees through a joint venture with the Treasury Department.
- Recognized by Safety and Health magazine as one of the top four trendsetters in workplace-safety innovation.
- Secured the 1998 Achievement Award for excellent customer service from the International Association of Corporation Administrators for the electronic corporate filing system that saves paper, money, and time.
- Produced Consumers Corner, a monthly cable show featuring discussion on consumer issues to promote informed decision making.
- Rescinded 21 obsolete or burdensome rules for seven regulatory boards.

## Nursing Home Quality Incentive Grants

The highlight of the fiscal year 2000 recommendation is a new \$10.0 million Nursing Home Quality Incentive Grant program which the Department of Consumer and Industry Services will administer with assistance from the

Michigan Quality Council. As the regulator of Michigan's nursing homes, the department is solidly committed to ensuring the highest quality of care for the state's 52,000 vulnerable nursing home residents. The department performs inspections and other oversight activities to guarantee that all nursing homes meet basic health and safety standards. Once these standards are met, facilities must be encouraged to continuously improve the quality of life for their residents. The grant program will reward homes that consistently maintain health and safety standards while going the extra mile to provide quality care.

#### Other Fiscal Year 2000

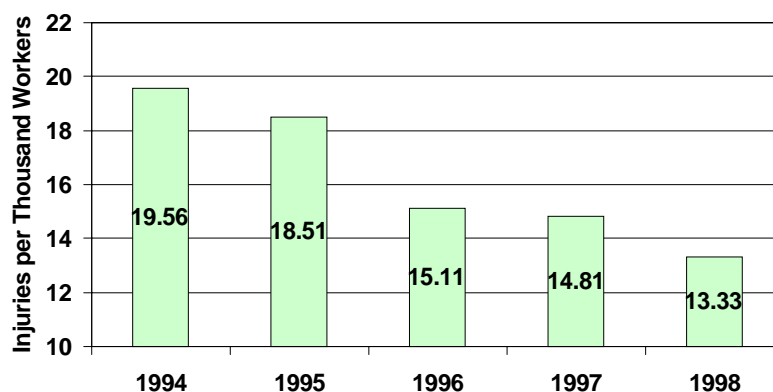
##### Recommendations

The recommendation includes spending increases financed by user-supported fees. The Office of Fire Safety increase of \$241,000 provides additional resources for reviewing construction plans for fire safety standards. Construction delays and unnecessary fire safety inspection citations will be reduced by this action. The Occupational Safety and Health increase of \$181,200 will be used to assist employers in voluntarily assessing safety and health concerns at their workplaces. These funds will also be used to develop programs for promoting increased health and safety in the workplace.

The recommendation demonstrates the Governor's ongoing commitment to the arts and to fair and equitable statewide distribution of arts funding through the Michigan Council for Arts and Cultural Affairs. General fund support for arts and cultural grants in fiscal year 2000 is recommended at the current level of \$20.8 million.

The recommendation also reflects the centralization of the department's administrative hearings process in the Office of Legal Affairs. The new office, comprised of numerous administrative law functions currently spread across many divisions, will provide timely and fair legal services to the entire department. Since many administrative law functions are similar, office staff will be targeted to the areas of greatest need, thus providing the most efficient use of staff resources and preventing unnecessary slowdowns in the legal process.

### Safer Workplaces



**Overall  
workplace  
safety has  
improved.**

PROGRAM OUTCOMES	FY97	FY98	FY99	FY00
<b>Resolve contested cases and publish legal opinions for the Worker's Disability Compensation Program.</b>  Meet a monthly standard of eight published opinions for each Appellate Commissioner in 1999.	670	815	702	702
<b>Improve safety and employment regulation services.</b>  Reduce pending MIOSHA appeals.	339	341	307	277
<b>Ensure standards of performance for commercial and health service providers and the construction industry.</b>  Respond to 90% of medical consumer complaints within a 60 day time standard.	75%	80%	90%	90%

# Department of Corrections

(Amounts in thousands)

## FUNDING HISTORY \*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$732,918.4		\$1,330,269.4	\$1,368,557.1	\$1,486,579.0
All Funds	\$758,134.0		\$1,389,758.8	\$1,441,935.0	\$1,566,641.7
		% Change -GF/GP		2.9%	8.6%
		% Change - All Funds		3.8%	8.6%

## KEY ISSUES

	<u>GF/GP</u>	<u>ALL FUNDS</u>
New Facility Operations-Phased Costs	\$62,657.7	\$62,657.7
State Prison of Southern Michigan Renovations	\$17,720.0	\$17,720.0
Full-Year Funding for Youth Correctional Facility	\$0.0	\$10,212.9
Eliminate Leased Beds Funding	(\$30,807.4)	(\$35,807.4)
Employee Training Adjustments	\$8,251.6	\$8,251.6
Various Operational Expenses	\$12,444.9	\$13,282.0
Project RESTART (Reforming, Educating, Strengthening, Through Alternative Restructured Treatment)	\$753.2	\$753.2
Project CHANGE (Cognitive Housing Approach: New Goals Environment)	\$703.2	\$703.2
Substance Abuse Program Adjustments	\$1,128.4	\$541.4
Community Corrections Comprehensive Plans and Services	\$553.0	\$553.0
Close Six Corrections Centers	(\$6,000.0)	(\$6,000.0)
Eliminate One-time Regional Jail Funding	(\$2,000.0)	(\$2,000.0)
Economic Adjustments	<u>\$52,617.3</u>	<u>\$53,839.1</u>
Subtotal	\$118,021.9	\$124,706.7

\*Adjusted for program transfers

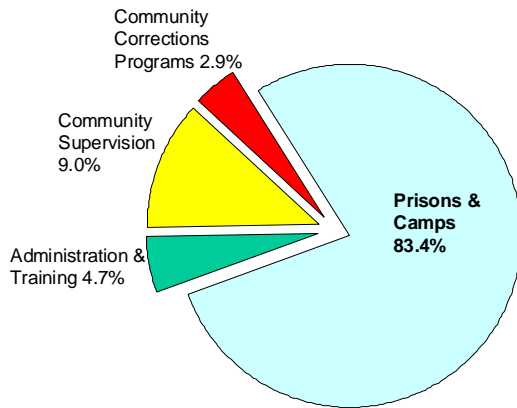
FY2000 Executive Recommendation	\$1,486,579.0	\$1,566,641.7
---------------------------------	---------------	---------------



# Department of Corrections

**G**overnor Engler has kept his promise to make Michigan safer by reforming the criminal justice system and ensuring just punishment for criminal

## Fiscal Year 2000 Spending



behavior. As a result, Michigan's crime rate has declined to the lowest level in nearly 30 years. The Michigan Department of Corrections, a core component in public safety, is responsible for the incarceration of convicted felons and for the supervision of felons after their release on parole.

The Department of Corrections currently operates 40 prisons and 14 camps which house almost 42,500 convicted felons. Over 1,500 prisoners are located in prison beds leased from the state of Virginia. The department also provides parole and probation oversight for more than 65,000 criminals.

**Over 83% of the Correction's budget is earmarked for the security and custody of prisoners.**

Since taking office, Governor Engler has signed more than 300 anti-crime bills and reformed the parole system so that the most dangerous offenders remain in prison. With the implementation of "truth-in-sentencing" and sentencing guidelines legislation, offenders will receive consistent, fair sentences and will serve at least the minimum sentence imposed. These changes will significantly increase the need for more prison space.

To support these efforts, the fiscal year 2000 recommendation for the Department of Corrections totals \$1.57 billion, reflecting a 8.6 percent increase from fiscal year 1999.

### Prison Expansion

In fiscal year 1998, the Legislature approved \$198 million in capital outlay spending for the construction of 5,420 additional prison beds. The fiscal year

### Department of Corrections Fiscal Year 2000 Bed Expansions

Correctional Facility	Location	Projected Opening	Beds
Camp Branch Expansion	Coldwater	October 1999	120
St. Louis Correctional Facility	St. Louis	November 1999	672
Cooper Street Correctional Facility	Jackson	November 1999	480
Florence Crane Women's Facility	Coldwater	November 1999	240
Baraga Correctional Facility	Baraga	January 2000	240
Pine River Correctional Facility	St. Louis	January 2000	960
Macomb Correctional Facility	New Haven	March 2000	240
Thumb Correctional Facility	Lapeer	March 2000	240
Saginaw Correctional Facility	Freeland	April 2000	240
Camp Puglsey Conversion	Kingsley	August 2000	800
Camp Ojibway Conversion	Marenisco	August 2000	480

2000 budget includes \$62.7 million in operational funding for 4,712 new prison beds scheduled to open during fiscal year 2000. The increased operational funding will be partially offset by the reduced need to lease prison beds in other states allowing leased bed appropriations of \$35.8 million to be eliminated for fiscal year 2000.

Renovations continue at the former State Prison of Southern Michigan in Jackson under the 1985 Hadix v Johnson consent decree. Breakup of this facility into several smaller independent prisons has required capital construction funding of more than \$116 million. The fiscal year 2000 budget includes \$17.7 million in operational funding for 753 beds scheduled to reopen in January 2000, completing another phase of renovations.

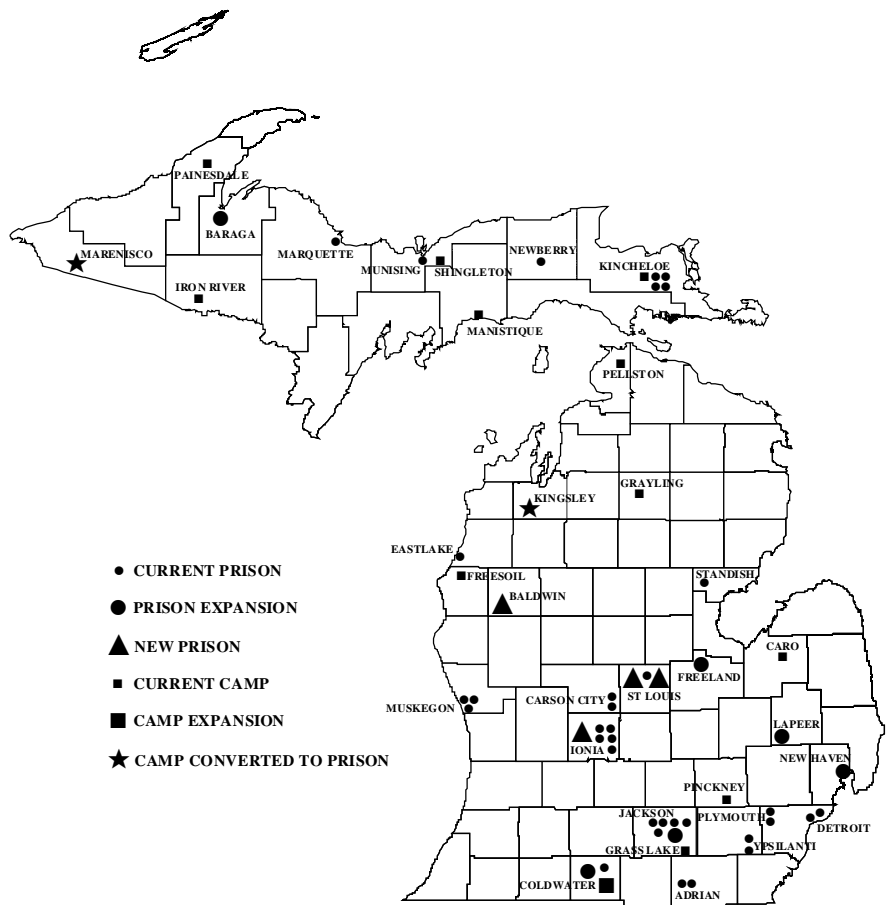
The 480-bed maximum security Michigan Youth Correctional Facility in Baldwin is scheduled to open in July 1999. As one of the nation's largest, stand-alone youth correctional facilities, this prison will house offenders up to the age of 19, sentenced as adults for serious crimes. The privately-constructed and operated facility is estimated to save the department more than \$4.5 million per year in annual operating costs. Funding is available from federal Violent Offender Incarceration and Truth in Sentencing revenue to pay operational and facility lease contract costs.

#### Substance Abuse Services

The fiscal year 2000 budget includes over \$22.1 million for prisoner substance abuse programming. Prisoners entering the prison system are assessed for substance abuse problems and are subject to random drug tests. Appropriate referrals are made to a drug treatment readiness program, an outpatient treatment program, or a residential treatment program.

The drug treatment readiness program is a 13-session program taught by specially-trained prison staff. Outpatient treatment is provided for offenders who meet twice each week for individual and group counseling. Outpatient programs are offered at 22 prisons, all camps, and most community corrections centers. The residential substance abuse treatment program is provided to community-based prisoners whose need for treatment is greater than what can be provided by outpatient treatment. These 24-hour residential programs, ranging from 30 to 180

### MICHIGAN PRISON CAPACITY Funded Expansion



Prison  
population  
has  
grown  
dramatically  
in the  
last 15  
years.

days, involve a daily schedule that includes counseling and treatment. The fiscal year 2000 budget maintains funding added in fiscal year 1999 for drug and alcohol testing and treatment programs for probationers, parolees, community residential program prisoners, and technical violators.

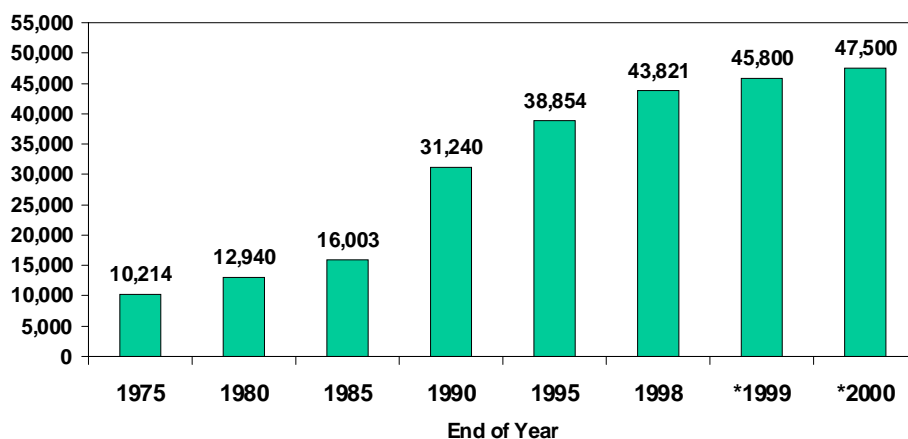
#### Educational Programs

In 1998, Governor Engler signed Public Act 320, requiring most prisoners to earn a high school diploma or a General Educational Development certificate as a condition of parole. To meet this goal, the department expends nearly \$30 million each year to provide Adult Basic Education and educational programming at all prisons. In 1998, 1,862 state prisoners earned a General Educational Development certificate and 30 percent of all state prisoners were enrolled in education programs. The department arranges for college programming at the Charles E. Egeler Correctional Facility, in accord with the Hadix v Johnson consent decree, and at two women's facilities - Scott Correctional and Florence Crane - ordered under the Glover v Johnson lawsuit. Other prisoners, however, are able to take correspondence courses at their own expense.

#### Truth-in-Sentencing Impact

The Legislature enacted laws to require newly convicted felons to serve a minimum sentence and replaced "good time" credits with disciplinary time, added for bad behavior. Although this "truth-in-sentencing" package was enacted in 1994, implementation was delayed to 1998 when Public Acts 315, 316, and 317 enacted statutory sentencing guidelines. The full impact of "truth-in-sentencing" will occur over many years as length of stay in prison increases. For every month added to the average minimum stay, an additional 700 beds are necessary. The National Council on Crime and Delinquency estimates that as a result of these changes, the prisoner population could increase by nearly 5,700 prisoners by the year 2007.

#### Prison/Camp Population



"Truth-in-sentencing" provisions require prisoners to serve the minimum sentence in a secure correctional facility. As a result, Department of Corrections' operational costs will increase as prisoners can no longer be placed in lower-cost community corrections centers prior to parole. Additionally, "truth-in-sentencing" provisions allow

the Parole Board to include a 30 to 180 day placement in a corrections center as a condition of parole; currently paroled offenders are placed in the community.

The net impact of these legislative changes is reflected in the fiscal year 2000 budget recommendation. The proposed budget reflects closure of six community corrections centers, eliminating 404 beds and \$6 million in operational costs. Funding is maintained for eight centers, housing prisoners placed by the Parole Board and providing services for other offenders including substance abuse residential programs, substance abuse treatment, alternative incarceration options for technical parole violators, and bootcamp aftercare programs.

#### Ensuring Better Use of High-Cost Prison Space

High security, single-bunked cells and administrative segregation cells are required for inmates who cannot be managed at lower security levels. These cells are costly, requiring more supervision than other security levels. Reducing the number of high security beds needed throughout the prison system requires changes in prisoner behavior. If successful, one or more high security prisons could be reclassified, double-bunked, and result in better use of existing prison space.

The fiscal year 2000 budget includes \$753,200 for Project RESTART (Reforming, Educating, Strengthening, Through Alternative Restructure Treatment) located at the Oaks Correctional Facility. This “boot camp” style program, conducted within the prison, involves prisoners who volunteer to participate in a highly structured environment as an alternative to placement in administrative segregation. The 8-week program includes strict discipline, military style drill, physical training, intensive counseling, and limited personal property.

Additional funding of \$703,200 is also recommended for Project CHANGE (Cognitive Housing Approach: New Goals Environment), operating at the Michigan Reformatory Correctional Facility. The Department of Corrections proposes early intervention to change the behavior of offenders under the age of 26, with a history of misconduct, but whose behavior has not been seriously assaultive. As a result of this program, it is anticipated that misconduct will be reduced and prisoners will ultimately avoid higher-cost custody placements.

#### County Jail Reimbursement Program

The fiscal year 2000 Executive Budget maintains \$18 million to reimburse counties for jailing felons who would otherwise be sent to prison. Reimbursements to county jails have grown five-fold since 1991. Judicial sentencing practices are expected to change as judges apply the recently enacted statutory sentencing guidelines to crimes committed on or after January 1, 1999. During fiscal year 1999, data will be collected and analyzed to determine the number of prison diversions that will qualify for county jail reimbursement. For fiscal year 2000, this information will provide the basis for allocating the recommended \$18 million. As the data become available, the department will work with the Legislature to develop an appropriate distribution formula.

### Probation/Parole Activities

The Governor's budget for fiscal year 2000, includes \$102.8 million to support parole and probation responsibilities. The department currently employs over 1,000 parole and probation officers located throughout the state, providing services to nearly 13,000 parolees and 52,600 probationers.

### Other Recommendations

The fiscal year 2000 budget adds \$4.9 million for clothing and uniform requirements for prisoners. State law requires all prisoners classified as high-security (Level IV, V, or VI) to wear prison uniforms. In addition, the Department of Corrections continues to be involved in a prisoner property rights lawsuit. As a part of this legal proceeding, the court has ordered specific clothing requirements for prisoners which must be funded by the department.

PROGRAM OUTCOMES	FY97	FY98	FY99	FY00
<b>Enhance citizen safety through monitoring and custody of convicted felons.</b>				
Incarcerate convicted felons sentenced to more than one year in prison.	42,426	43,821	45,800	47,500
Maintain alternative punishments for prisoners in bootcamp, electronic tether, and community residential programs, adjusted for "truth-in-sentencing" impact.	1,226	2,204	2,300	2,300
Reduce prison escapes from correctional facilities.	13	14	0	0

# Department of State Police

(Amounts in thousands)

## FUNDING HISTORY \*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$185,571.2		\$251,128.7	\$258,373.0	\$267,386.6
All Funds	\$235,121.3		\$337,323.0	\$351,453.7	\$363,263.2
		% Change -GF/GP		2.9%	3.5%
		% Change - All Funds		4.2%	3.4%

## KEY ISSUES

	<u>GF/GP</u>	<u>ALL FUNDS</u>
Criminal Investigations Program Increase	\$1,023.0	\$1,023.0
Interdepartmental Grants — Act 51 Compliance	\$547.2	\$0.0
Uniform Services Operational Increase	\$339.4	\$339.4
Casino Gaming Oversight Full-Year Costs	\$0.0	\$2,123.3
Michigan Information Processing Center Conversion Costs	\$1,160.7	\$1,160.7
Radio Communication System	(\$770.0)	(\$770.0)
Other Adjustments	(\$178.2)	(\$238.7)
Economic Adjustments	<u>\$6,891.5</u>	<u>\$8,171.8</u>
Subtotal	\$9,013.6	\$11,809.5

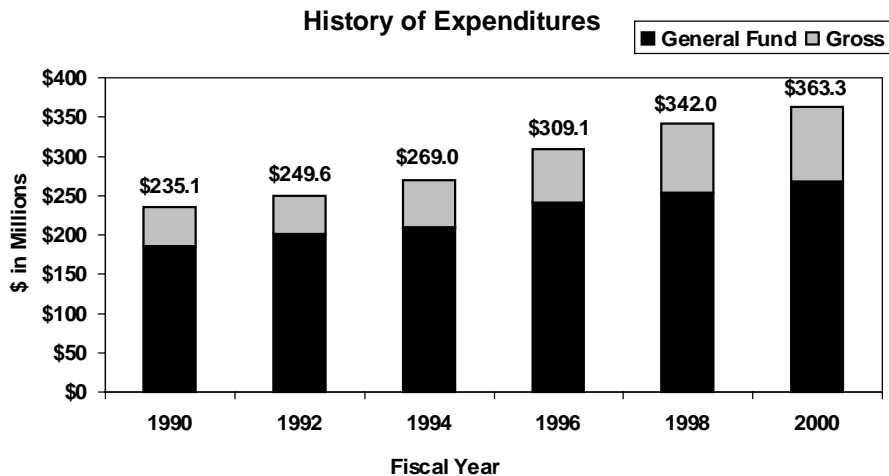
\*Adjusted for program transfers

FY 2000 Executive Recommendation	\$267,386.6	\$363,263.2
----------------------------------	-------------	-------------



# Department of State Police

The Department of State Police provides leadership, coordination, and delivery of law enforcement and support services throughout the state, in order to preserve, protect, and defend people and property throughout the state.



The fiscal year 2000 budget for the Department of State Police totals \$363.3 million, of which \$267.4 million is general fund. This represents a 3.4 percent increase in funding over fiscal year 1999.

Energizing the Ranks of Michigan State Troopers  
The Department of State Police has graduated 821

State  
Police  
funding  
has grown  
over 50%  
since  
1990.

troopers from 10 recruit schools since June 1993. The 118th Trooper Recruit School scheduled in 1999 will provide 110 troopers. The fiscal year 2000 recommendation contains adequate funding to support a 119th recruit school in fiscal year 2000, with a starting date of August 2000. Once these recruits complete training, a total of 1,031 men and women will have trained since 1991—over 43 percent of all enlisted personnel.

## Making Michigan Even Safer

Governor Engler continues his commitment to make Michigan safer by ensuring that our enlisted personnel are doing the jobs they have been trained to do. The fiscal year 2000 Executive Budget includes \$339,400 general fund for the Uniform Services program, relieving troopers and sergeants of clerical tasks, allowing more involvement in community policing and improving supervision of new recruits.

The fiscal year 2000 recommendation for the Department of State Police also includes \$1 million to fund additional detectives. These additional detectives will investigate child protective service cases, incidents occurring within Department of Corrections facilities and other crimes against Michigan citizens.

## Upgrading Our Crime Fighting Tools

State Police forensic science laboratories, located in Bridgeport, East Lansing, Grand Rapids, Grayling, Marquette and Sterling Heights, provide crime scene response and evidence analysis on criminal investigations conducted for local and state law enforcement agencies. In addition to the examination of evidence, laboratory personnel provide expert testimony regarding their findings and conduct training sessions for local police officers, crime scene technicians, and prosecutors regarding the use of laboratory services in criminal prosecutions.



Construction is underway for a \$23.5 million, state-of-the-art, high-tech forensic science laboratory located south of the Michigan State Police Training Academy in Windsor Township. Expected to be completed in June 2000, the new laboratory will replace several East Lansing laboratory facilities which have served the law enforcement community since 1932. Laboratory testing includes suspected forgery, latent fingerprints, toxicology, firearm and toolmark analyses, polygraph, trace evidence, DNA (deoxyribonucleic acid), serology, and drug identification.

In 1998, the doors officially opened for the newly-remodeled and expanded Northville Forensic Science Laboratory. The 7,000 square foot lab boasts a state-of-the-art DNA unit which will assist local law enforcement agencies in conducting criminal investigations throughout southeast Michigan. The Northville and Grand Rapids laboratories will begin use of a new DNA technology already in use at the East Lansing laboratory. Known as Polymerase Chain Reaction-Short Tandem Repeats (PCR-STR), this new technology decreases average case processing time from three months to three weeks and requires smaller quantities of evidence. In addition, PCR-STR will enhance Michigan's participation in the Convicted Offender DNA Identification System, permitting nationwide comparison of profiles from crime scene samples with those of convicted offenders.

---

" Gov. John Engler has been a leader in advocating for prison expansion, longer sentences and more police. During his two terms, Michigan's crime rate has declined to the lowest level in 30 years."

Detroit Free Press (9/25/98)

---

The Michigan Information Processing Center and the Department of State Police recently completed a collaborative effort to consolidate data processing services. The fiscal year 2000 budget includes an additional \$1.2 million for processing costs and for lease/purchase of a new mainframe.

Promoting a Safe Highway System  
The fiscal year 2000 budget includes \$23.0 million, of which \$5.0 million is general

fund, for the Office of Highway Safety Planning to continue programs aimed at reducing death, injury, and property damage caused by traffic crashes. The office works with local community groups to promote traffic safety through enforcement of Michigan's safety belt law, focusing on drunk drivers and traffic safety education programs for youngsters.

Most recent 1997 data shows a decline in Michigan traffic fatalities from the previous year — 1,446 traffic fatalities compared to 1,505 in 1996. For the first time in four years, the total number of traffic crashes also declined, down 2.2 percent, from 435,477 in 1996 to 425,793 in 1997.

Effective October 1999, Michigan will strengthen its penalties against repeat drunk drivers. Persons with multiple alcohol related convictions or persons who continually drive with a suspended, revoked, or denied driver's license are subject to stringent penalties including vehicle immobilization, plate confiscation, and registration denial. Fiscal year 1999 supplemental funding of \$550,000 is recommended to allow the department to contract with the University of Michigan Transportation Research Institute for a three-year study, evaluating the effect and impact of these laws on repeat drunk drivers.

#### Michigan Public Safety Communications System

In December 1994, the State of Michigan began building the Michigan Public Safety Communications System, a state-of-the-art digital radio system that, when finished, will be available to public safety agencies throughout the state. This project, totaling over \$187 million, is a new 800 MHz radio and telecommunications backbone network, replacing 50-year-old technology presently being used by the Michigan State Police in dispatch centers, vehicles, and by field staff. The system is being constructed by Motorola, Incorporated and will be completed in four phases.

Phase 1, encompassing southeast Michigan, was implemented in July 1998. Phase 2 covers southwestern Michigan counties and is scheduled for completion in Summer 1999. Phase 3, completing the communication coverage for Michigan's lower peninsula, is expected to be implemented in Summer 2000. The Upper Peninsula of Michigan, or Phase 4 of the project, requires two summer construction seasons and is currently slated for completion by the end of year 2001.

The Michigan Public Safety Communications System will deliver radio service, enabling communications between police, fire and public safety agencies across the state. The system provides 97 percent coverage statewide with excellent audio quality. Voice transmissions can be encrypted to provide additional security for users. Future data capacity will permit the transmission of Law Enforcement Information Network data, incident reports, citation data, and fingerprint images. During disasters and events involving multiple agencies, all affected agencies or select teams can communicate by selecting the proper "talk group" on their radio.

The Governor's fiscal year 2000 budget includes \$12.6 million for program operations, including \$2 million in redirected funding for radio maintenance facilities, communication lines in northern Michigan areas and other department programs.

<b>PROGRAM OUTCOMES</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>
Enhance citizen safety through enforcement of Michigan's criminal laws.				
Conduct criminal and complaint investigations.	232,377	242,307	249,300	256,600
Increase the number of physical evidence analyses on behalf of state and local agencies.	60,373	64,244	68,400	70,900

# Department of Military and Veterans Affairs

(Amounts in thousands)

## FUNDING HISTORY\*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$23,289.3		\$35,153.5	\$36,524.0	\$37,252.2
All Funds	\$56,890.9		\$86,425.7	\$85,810.7	\$91,673.7
	% Change -GF/GP			3.9%	2.0%
	% Change - All Funds			-0.7%	6.8%

## KEY ISSUES

	<u>GF/GP</u>	<u>ALL FUNDS</u>
ChalleNGe Program	\$840.0	\$1,960.0
Veterans' Homes Revenue Adjustments	(\$500.0)	\$2,080.8
Repeal Enlisted Per Diem for Annual Training	(\$340.0)	(\$340.0)
Eliminate One-time Civil Air Patrol Grant	(\$20.0)	(\$20.0)
Economic Adjustments	<u>\$748.2</u>	<u>\$2,182.2</u>
Subtotal	\$728.2	\$5,863.0

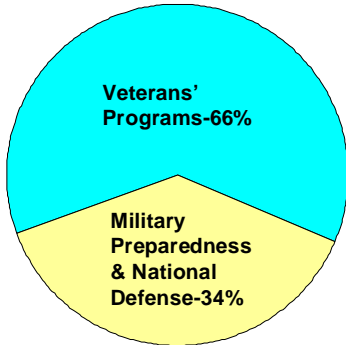
\*Adjusted for program transfers

FY2000 Executive Recommendation	\$37,252.2	\$91,673.7
---------------------------------	------------	------------

# Department of Military and Veterans Affairs

The Department of Military and Veterans Affairs is charged with the training and administration of army and air national guard forces, providing combat-ready reserve military forces during times of national emergency, and performing a variety of civil relief operations in state emergencies. The department is also responsible for addressing the needs of Michigan veterans through state-licensed nursing care at veterans' homes in Grand Rapids and Marquette, grant funding to Veterans' Service Organizations, and administration of the Michigan Veterans' Trust Fund.

Fiscal Year 2000 Spending



The Governor's fiscal year 2000 recommendation for the Department of Military and Veterans Affairs reflects total funding of \$91.7 million, a 6.8 percent increase from fiscal year 1999. The department spends 66 percent of its budget

for operation of veterans' homes, Veterans' Trust Fund operations and Veterans' Service Organization grants. The remaining 34 percent is spent on military preparedness and national defense operations.

Two-thirds  
of the  
department's  
budget  
provides  
services to  
veterans.

## ChalleNGe Program

The Governor's budget recommends creation of a new boot-camp type program to serve high school drop-outs between the ages of 16 and 18. Patterned after similar successful programs in other states, the ChalleNGe program is part of a nationwide effort to make the National Guard a more active presence in the community through assistance to at-risk youth. The fiscal year 2000 budget includes \$1.1 million in federal funds to be matched with \$840,000 general fund revenue.

ChalleNGe is a voluntary program that targets Michigan high school dropouts who are unemployed, drug free, not on parole or probation, and free of felony convictions or capital offenses. Through military-based training, the program seeks to improve life skills and employment potential of these youth. The program consists of a 5-month residential phase and year-long mentoring relationship. Top priorities include citizenship, attainment of a high school diploma, leadership, physical training, health and hygiene.

## Veterans' Service Organizations

The fiscal year 2000 budget includes \$3.5 million to fund Veterans' Service Organizations. Veterans' Service Organizations provide support to veterans and their families, especially those that suffered injury and illness resulting from military service. They also advise and assist veterans regarding eligibility for federal program and entitlement benefits. State funds supplement Veterans' Service Organizations operations, including payment of salaries and wages of veteran service advocacy officers, support and managerial staff training, equipment, and various personnel and office expenses.

### Michigan Veterans' Homes

Established in 1886, the Grand Rapids Veterans' home was dedicated as the Michigan Soldiers' Home and has a capacity of 757 nursing care and residential beds, distinguishing it as the largest long-term nursing facility in the State of Michigan. The Jacobetti Veterans' home located in Marquette, provides northern Michigan veterans with a capacity of 241 nursing care and residential beds, making it the largest long-term care facility in the Upper Peninsula.

Between 1993 and 1994, the Veterans' homes and Department of Military and Veterans Affairs embarked on an aggressive effort to increase staffing levels and attain full compliance with applicable Department of Consumer and Industry Services licensure standards. Both veterans' homes have maintained all state licensure standards since 1995.

The fiscal year 2000 budget recommends \$51.6 million, of which \$19.5 million is general fund, to support these two homes. The veterans' homes receive a combination of federal dollars, fees, and private donations and have been remarkably efficient and cost conscious. General fund revenue represents only 38 percent of their total budget. Commitment to efficiency and cost savings has allowed available revenue to be directed to major capital improvement projects, including a fire suppression system, freezer/cooler modifications, and heating and cooling system replacements.

### Enlisted Per Diem for Annual Training

Dating from the World War I era, a state law requires payment of a daily rate to members enlisted in the permanent organized militia, or what is now referred to as the Michigan National Guard. The original reimbursement of personal expenses was intended to cover the cost of boarding a soldier's horse. The earlier law was repealed in 1953 and replaced by a statute that reimburses enlisted soldiers \$2.00 per day for personal expenses during days of annual training exercises. The average National Guard member currently receives approximately \$30 annually under this provision. The fiscal year 2000 budget eliminates this antiquated per diem payment, redirecting \$340,000 general fund dollars to other programs in the department.

### Michigan Veterans' Trust Fund

The Michigan Veterans' Trust Fund was established in 1946, with a \$50 million post-war endowment to provide temporary assistance to veterans and their widows and dependents. By 1966, the Michigan Veterans' Trust Fund had expanded its responsibilities to include administration of a tuition grant program for children of deceased, disabled, or missing-in-action veterans. In November 1996, Proposal C passed and the Michigan Veterans' Trust Fund became constitutionally protected for veterans and their dependents. The Michigan Veterans' Trust Fund board of trustees has sole discretion over trust fund expenditures; veterans and their dependents are guaranteed that the money from the fund will be used for services to veterans. The fiscal year 2000 budget includes an appropriation of \$4.7 million from the Michigan Veterans' Trust Fund.

PROGRAM OUTCOMES	FY97	FY98	FY99	FY00
<b>Provide quality care and efficient administration of services for eligible Michigan veterans and certain dependents.</b>  Increase nursing care beds for residents in veterans' homes in compliance with service standards set by certifying agencies.	800	800	850	800
<b>Provide military preparedness for national defense and standby capacity for state law enforcement.</b>  Maintain national guard units that are rated 100% capable of performing active duty missions, adjusted for changes in federal force structure.	30	30	30	30
Respond to state emergency declarations issued by the Governor in disaster situations.	As needed	As needed	As needed	As needed



# Judiciary

(Amounts in thousands)

## FUNDING HISTORY \*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$111,835.2		\$150,675.0	\$151,343.5	\$160,491.2
All Funds	\$153,347.0		\$211,453.1	\$215,432.4	\$226,140.8
	% Change -GF/GP			0.4%	6.0%
	% Change - All Funds			1.9%	5.0%

## KEY ISSUES

	<u>GF/GP</u>	<u>ALL FUNDS</u>
State Officer's Compensation Commission Recommendation for 1999 and 2000	\$5,696.1	\$5,696.1
Judges Retirement—Defined Contributions	\$1,800.0	\$1,800.0
Supreme Court Operational Increase	\$234.2	\$234.2
Court Fee Fund Revenue Replacement	\$318.4	\$0.0
Court Processing of Child Abuse and Neglect Cases	\$135.5	\$146.0
Alternative Dispute Resolution Training	\$72.9	\$72.9
P.A. 374 of 1996		
Trial Court Operation—Court Equity Fund Reimbursement	\$4,000.0	\$4,000.0
Trial Court Operation—Hold Harmless Reimbursement	(\$4,000.0)	(\$4,000.0)
State Appellate Defender Office— Caseload Reduction	(\$1,000.0)	(\$1,000.0)
Other Adjustments	(\$201.7)	\$1,509.4
Economic Adjustments	<u>\$2,092.3</u>	<u>\$2,249.8</u>
Subtotal	\$9,147.7	\$10,708.4

\*Adjusted for program transfers

FY2000 Executive Recommendation	\$160,491.2	\$226,140.8
---------------------------------	-------------	-------------

# Judiciary

Michigan's judicial authority is vested by the State Constitution in a court system composed of the Supreme Court, the Court of Appeals, the circuit court which is the trial court of general jurisdiction and includes the family court division, the probate court, and courts of limited jurisdiction such as the Court of Claims, district court and municipal courts. Further, the constitution states that the Supreme Court has general superintending control over all courts. The statewide court system is administered by the Justices through the State Court Administrative Office. Education and training for judges and court staff are provided through the Michigan Judicial Institute.

Support  
for local  
trial  
courts  
has  
increased  
over 70%  
since  
1996.

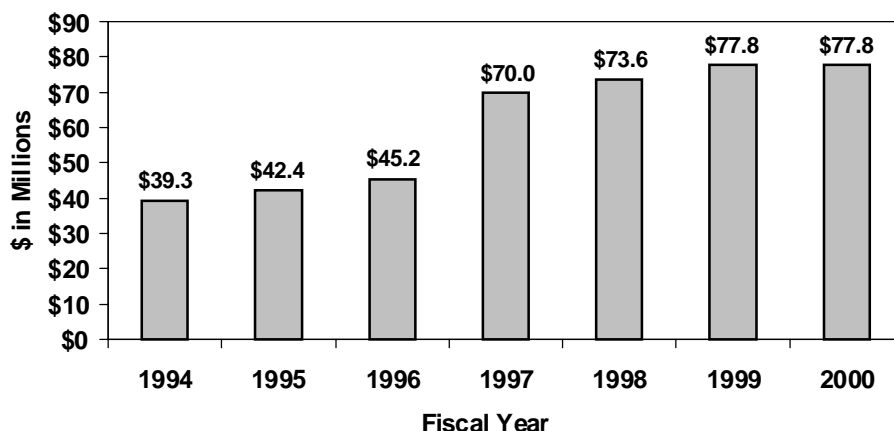
The Judicial budget includes funding for operational expenses of the Supreme Court and Court of Appeals, judicial salaries, management assistance and operational support for local courts, and indigent defense legal assistance. The fiscal year 2000 budget recommendation for the Judiciary totals \$226.1 million, of which \$160.5 million is general fund. This represents a 5 percent increase in funding over fiscal year 1999.

## Judicial Salaries

The budget includes several major recommendations related to judges' salaries, including:

- Full funding for judicial salary increases recommended by the State Officers Compensation Commission, at a cost of \$5.7 million general fund;
- \$1.8 million general fund to support the employer contribution for the Judges' Defined Contribution Retirement program; and
- \$318,400 in general fund to replace Court Fee Fund revenue which will not be available in fiscal year 2000

**Local Trial Courts  
State Funding History**



**Trial Court Operations**  
The Court Equity Fund, established in 1996, distributes funding to the state's 83 counties. A five-year Hold Harmless Fund was also created to ensure a more gradual series of funding adjustments for Wayne County and Detroit. The fiscal year 2000 budget recommendation includes

\$77.8 million in funding for local trial courts and reflects the fourth installment of the five-year statutory formula that shifts \$4 million from the Hold Harmless Fund to the Court Equity Fund. Since 1996, funding for local trial court operations has increased by \$32.6 million or 72 percent.

#### Appellate Public Defender Program

The Appellate Public Defender program provides legal representation to indigent criminal defendants. In November 1994, Proposal B eliminated appeal as a matter of right when a defendant pleads guilty or nolo contendere (“no contest”). Total appellate cases have dropped over 30 percent, from 5,927 in 1993 to 4,080 in 1997. Consistent with this decline in total appellate assignments, the fiscal year 2000 budget reduces the Appellate Public Defender program by \$1 million.

#### Other Recommendations

The fiscal year 2000 budget recommendation also includes \$146,000 for improved court processing of child abuse and neglect cases.

Alternative dispute resolution allows for the mediation of disputes which may result in early and fair resolution of matters, rather than using the judicial process. In an effort to promote alternatives to litigation, the fiscal year 2000 budget includes \$72,900 for training sessions to be conducted by the Michigan Judicial Institute.

# Family Independence Agency

(Amounts in thousands)

## FUNDING HISTORY \*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$1,866,434.2		\$1,047,853.5	\$1,042,300.0	\$1,058,784.5
All Funds	\$3,475,242.7		\$2,959,327.8	\$2,915,088.4	\$3,508,819.5
	% Change -GF/GP			-0.5%	1.6%
	% Change - All Funds			-1.5%	20.4%

## KEY ISSUES

	<u>GF/GP</u>	<u>ALL FUNDS</u>
Family Independence Program Caseload Decline	\$0.0	(\$207,300.0)
Family Independence Program 2.5% Grant Increase for Clients Unable to Work	\$0.0	\$2,100.0
Use Federal Temporary Assistance for Needy Families Funds to Offset General Fund Costs	(\$29,258.4)	\$0.0
Day Care Caseload and Average Cost Increase	\$29,410.0	\$281,213.0
Expand Project Zero	\$0.0	\$3,000.0
Data Processing — Child Support Initiatives, PC's, Equipment Warranties, Disaster Recovery Mainframe, ASSIST, Electronic Benefits	\$2,421.2	\$17,259.4
State Disability Assistance and SSI Supplementation Costs	\$588.3	\$588.3
Pay Food Stamp Benefits Through Electronic Benefit Transfers	\$0.0	\$468,000.0
Fund Source Adjustments	\$895.5	(\$1,700.0)
Adoption Subsidy Caseload Increase	\$0.0	\$13,761.0
Augment Adoptive Family Services	\$0.0	\$1,000.0
Child Care Fund Increase for In-Home Services	\$0.0	\$3,000.0
Transitional Housing for Domestic Violence Victims	\$0.0	\$3,000.0
Economic Adjustments	\$8,758.7	\$20,608.7
Wayne County Delinquency Block Grant	\$2,695.6	\$2,695.6
Other Adjustments	<u>\$973.6</u>	<u>(\$13,494.9)</u>
Subtotal	\$16,484.5	\$593,731.1

\*Adjusted for program transfers

FY 2000 Executive Recommendation	\$1,058,784.5	\$3,508,819.5
----------------------------------	---------------	---------------

# Family Independence Agency

The mission of the Family Independence Agency is to help meet the financial, medical, and social needs of Michigan individuals and families who need temporary assistance, to assist persons to become self-sufficient, and to help protect children and vulnerable adults from abuse, neglect, exploitation, and endangerment.

The fiscal year 2000 Executive recommendation continues to focus resources on programs that protect children and move adult clients from welfare into the workforce. This budget supports ongoing efforts to reduce the incidence of child abuse and neglect and provides the resources necessary to continue the implementation of the successful welfare reform initiatives begun in 1992.

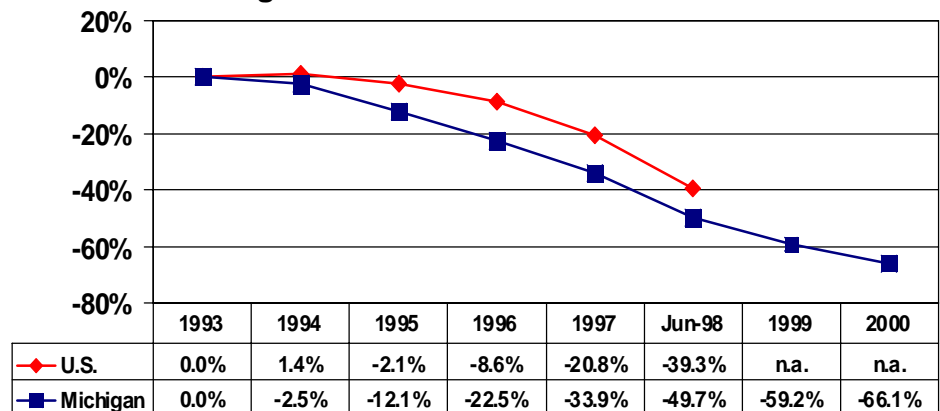
The fiscal year 2000 recommendation equals \$3.5 billion, of which \$1.1 billion is general fund.

## Impact of Welfare Reform

The dramatic successes of Michigan's welfare reform programs will continue into fiscal year 2000.

These achievements include:

### Michigan Exceeds National Welfare Decline



- **Caseload Declines** — The Family Independence Program (FIP, formerly AFDC) caseload is estimated to decline by more than 66 percent from 1993 levels. Michigan's FIP caseload has declined in 56 of the last 57 months. It now stands at 96,461, the lowest level since October 1970.

- **Increased Earnings** — The number of FIP cases with income increased from 16 percent before reform to 54 percent currently. Since Michigan's reform program began in 1992, more than 197,000 cases have closed because of individual and family earnings.

---

"Engler led Michigan's successful effort to reform the welfare system. It's put more people into community service and jobs, thus reducing welfare rolls to their lowest level in 28 years."

Lansing State Journal  
(8/25/98)

---

The increase in work participation among two-parent FIP cases has been even more dramatic. In fiscal year 1998, two-parent participation in the work force increased—more than 64 percent worked at least 35 hours per week, an amount exceeding federal targets.

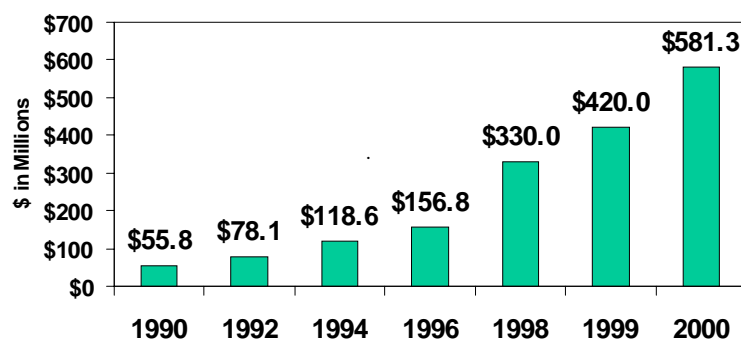
Day care funding has increased nine-fold since 1990.

Project Zero sites continue to lead the state in the percentage of cases working. Eight Project Zero sites have reach the goal of 100 percent of targeted cases employed — Benzie, Charlevoix, Emmett, Leelanau, Manistee, Menominee, Midland, and Ottawa. Project Zero provides specialized services designed to eliminate barriers to employment and strengthen the commitment to work for hard-to-serve populations. Examples of specialized services include case management, mentoring, vehicle repair, transportation and expanded day care hours. The fiscal year 2000 budget recommends an additional \$3.0 million, all federal, to increase the number of Project Zero sites and bring the total Project Zero funding to \$11 million.

- **Increased Food Stamp “Cash-Out”** — The number of families earning enough (\$350 per month) to receive food stamp cash payments rather than coupons has increased from 30,000 in May 1996 to over 71,000 in October of 1998.
- **Expanded Child Day Care Assistance** — Day care is an important element of Michigan’s successful welfare reform program. The fiscal year 2000 recommendation will provide \$581 million in day care funding to support low-income families seeking child care services in order to secure or maintain employment. This funding level represents a 940 percent increase over pre-welfare reform levels.

The fastest growing component of daycare is low income families. This funding also supports day care quality assurance programs by providing assistance with accreditation and training.

**Day Care Expenditures**  
Fiscal Years 1990 - 2000



#### Children and Family Services

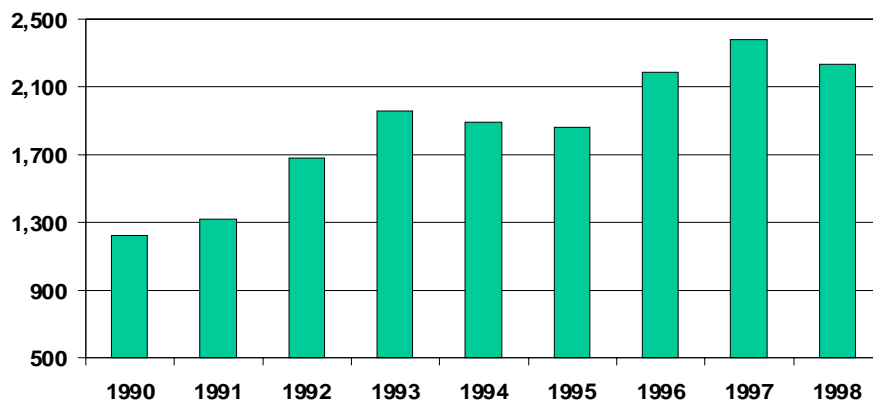
The safety of children is the top priority of the Family Independence Agency. The fiscal year 2000 recommendation continues funding to support recommendations from the former Lieutenant Governor’s Children’s Commission. These recommendations are designed to protect children from abuse or neglect and

provide permanent adoptive homes for children whose parental rights have been terminated. Key among these achievements are:

- In addition to 125 children's protective services workers added in fiscal year 1997, an additional 76 protective service workers were added in fiscal year 1999. Funding was also added to increase worker safety by, among other things, purchasing cellular phones modified with a "man down" feature.
- Services to connect families with community resources are helping reduce the number of repeat abuse and neglect cases. In fiscal year 1996, 42.4 percent of the substantiated abuse and neglect caseload included families with a previous substantiated contact with the department. By fiscal year 1998, that number had been lowered to 35.8 percent.
- The department is increasing the use of kinship care. Children are spared some of the trauma that accompanies foster care placement when they can safely stay with extended family or kin. The current year budget includes \$3 million to fund kinship foster care supportive services. These funds are continued in the fiscal year 2000 recommendation. In October 1997, 4,318 foster care children were in a relative placement. In October 1998, 5,436 foster care children were safely staying with relatives - a 26 percent increase in only one year.
- The placement of children into adoptive homes continues to grow. New adoption placements have grown 83 percent since 1990. The adoptive families can receive financial support and/or medical subsidy if needed. The fiscal year 2000 recommendation includes an increase of \$13.8 million in the adoption subsidy program. In addition, Michigan will receive a federal award of \$1.0 million to provide supportive services to families who have adopted special needs children.

State  
wards  
placed into  
adoptive  
homes will  
exceed  
2,100 for  
the third  
consecutive  
year.

**Adoption Placements  
Fiscal Years 1990 - 1998**



Other Major Fiscal  
Year 2000  
Recommendations  
Family Independence  
Program — With a  
higher portion of the  
Family Independence  
Program recipients  
earning income, the  
average cost per case  
and the caseload are  
expected to decline



further in fiscal year 2000, saving over \$207 million. This Executive recommendation funds a caseload of 77,800, the lowest caseload since fiscal year 1970.

**Grant Increase for Selected Deferred Cases** — A \$2.1 million increase, all federal, is recommended to finance a 2.5 percent cost-of-living increase for Family Independence Program cases where care is being provided by extended family or where the parent cannot work due to disability, age, or other crisis.

**Day Care Services** — A \$281.2 million increase over the current year appropriation is recommended to ensure adequate resources are available to fund day care for families who have left public assistance because of increased earned income.

**Food Stamp Electronic Benefit Transfers** — In the past, the value of food stamp coupons was not included in the department's appropriation since the client only received food coupons - not a cash payment. This fiscal year 2000 recommendation appropriates an additional \$468 million, all federal, to convert the program from coupons to cash payments made through an electronic benefit transfer system. Payment of food stamp benefits through an electronic benefit transfer program, which is newly mandated by the federal government, helps prevent fraudulent use of food coupons, prevents theft, and reduces administrative costs in grocery stores.

**Transitional Housing for Domestic Violence Victims** — \$3.0 million, all federal, is recommended to provide domestic violence victims and their children with safe, affordable housing, while providing them with the support services needed to help them become self sufficient.

**Child Care Fund Utilization Increase** — It is anticipated that counties will continue to expand the use of in-home treatment alternatives for low-risk juvenile offenders. The fiscal year 2000 recommendation includes \$3.0 million to finance this alternative to expensive out-of-home institutional care.

**Wayne County Delinquency Block Grant** — Recently enacted legislation authorizes counties to assume full financial and programmatic responsibility for services to juvenile delinquents. Wayne County will take advantage of this option effective October 1, 1999. A total of \$64 million is transferred from existing delinquency-related appropriations to finance a Wayne County Delinquency Block Grant in fiscal year 2000.

PROGRAM OUTCOMES	FY97	FY98	FY99	FY00
Stabilize the length of stay in out-of-home placements for abused and neglected children by expanding family re-unification efforts and, when necessary, seeking other permanent homes for children.				
Maintain no more than 3,150 children in foster care for more than 24 months.	3,452	3,500	3,300	3,150
Protect the safety of children by reducing the number of substantiated abuse and neglect cases being referred to the department following a previous contact through the use of prevention and early intervention services for these at-risk families.				
Decrease the number of re-referrals for abuse and neglect cases that are substantiated to no more than 25 percent of the total substantiated abuse and neglect caseload.	36.7%	35.8%	30%	25%
Increase the number of adoptions to 2,500.	2,378	2,234	2,350	2,500
Meet or exceed the federal Personal Responsibility Act employment targets for work participation rates.				
1) All Families	41.1%	49.2%	35%	40%
2) Two-Parent Families	47.6%	64%	90%	90%
<i>(Federal law allows these targets to be adjusted downward to reflect caseload decline. The targets reflected on this table for FY 1999 and FY 2000 have not been adjusted.)</i>				
Reduce Family Independence Program caseloads to a monthly average caseload of 77,800.	151,358	123,392	93,600	77,800

# Department of Community Health

(Amounts in thousands)

## FUNDING HISTORY \*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$1,771,891.1		\$2,475,537.2	\$2,541,252.6	\$2,549,245.0
All Funds	\$3,308,981.9		\$7,265,165.3	\$7,483,537.8	\$7,868,269.4
	% Change -GF/GP			2.7%	0.3%
	% Change - All Funds			3.0%	5.1%

## KEY ISSUES

	<u>GF/GP</u>	<u>ALL FUNDS</u>
Medicaid — Adjust FY99 Appropriation to Projected Spending	\$27,517.6	\$61,300.0
Medicaid — Inflation, Caseload and Utilization Increase	\$44,012.7	\$98,045.9
Medicaid — Discretionary Increases	\$41,524.1	\$92,483.7
Medicaid — Federal Medical Assistance Percentage (FMAP) Change	(\$133,085.9)	\$0.0
Medicaid — Adjust Special Financing to Expected Level	\$7,608.5	\$26,746.8
Medicaid — Adult Home Help Caseload Increase	\$10,051.5	\$22,391.4
Medicaid — Long Term Care Personal Needs Allowance Increase	\$1,705.8	\$3,800.0
Mental Health — Forensic Center Staffing and Base Shortage	\$562.2	\$562.2
Mental Health — Increase for Prison Mental Health Services	\$0.0	\$2,073.2
Mental Health — Full Year Cost of Wage Pass-Through for Residential and Day Program Employees	3,280.1	\$13,742.5
Children's Waiver Home Care Program — Utilization and Rate Increase	\$4,756.4	\$13,279.9
Public Health — Local Operations 3% Economic Increase	\$1,161.4	\$1,161.4
Management Information System Disaster Recovery Plan and Capacity Expansion	\$850.0	\$2,600.0
Economic Adjustments	\$9,535.6	\$21,917.3
Other Adjustments	(\$11,487.6)	\$24,627.3
Subtotal	\$7,992.4	\$384,731.6

\*Adjusted for program transfers

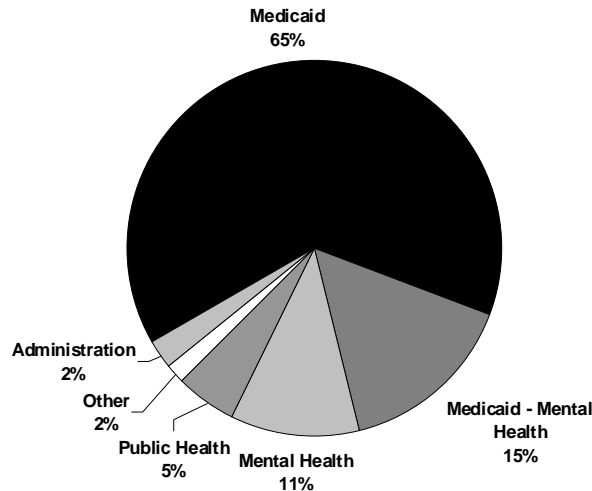
<b>FY 2000 Executive Recommendation</b>	<b>\$2,549,245.0</b>	<b>\$7,868,269.4</b>
---	----------------------	----------------------

# Department of Community Health

Over 75% of the Community Health budget is appropriated for Medicaid services.

The Department of Community Health is responsible for health policy and management of the state's publicly-funded health services systems. These programs include Medicaid health coverage for people with limited incomes,

**Fiscal Year 2000 Spending by Category**



programs to protect the public's health, mental health services for people who have a mental illness or a developmental disability, and services for people who need care for substance abuse. Promoting independence and enhancing the dignity of Michigan's older persons and their families is another goal of the department. Each year, an estimated 1.5 million Michigan residents receive services that are provided with total or partial support from the Department of Community Health.

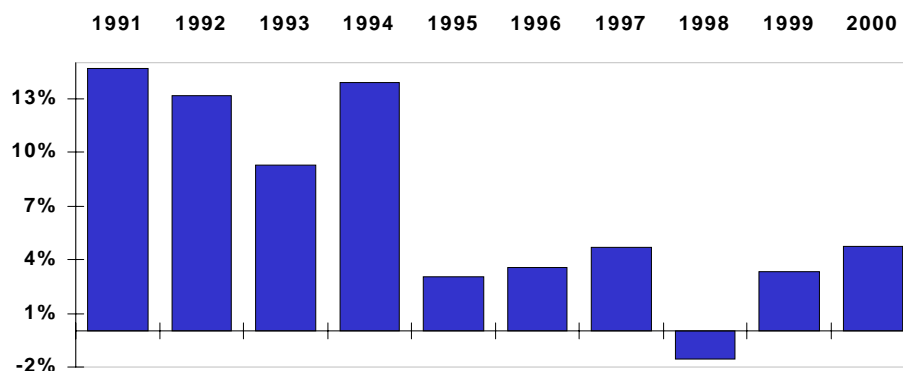
The fiscal year 2000 recommendation for the Department of Community Health is over \$7.8 billion dollars, of which \$2.5 billion is general fund. The recommendation reflects a 5.1 percent increase over fiscal year 1999.

## Medicaid

Michigan's Medicaid program has evolved from a program that simply provided health care to families receiving welfare to one that funds a wide variety of health service programs. As the chart shows, Michigan has experienced only modest growth in the cost of this program. Medicaid costs have been controlled through the implementation of capitated (fixed price) managed care systems coupled with a continuing decline in the number of Michigan residents on the Family Independence Program's (formerly AFDC) caseload. The rate of growth in Medicaid expenditures has been reduced from

Michigan has controlled Medicaid costs through use of capitated managed care.

**Medicaid Growth Under Control**



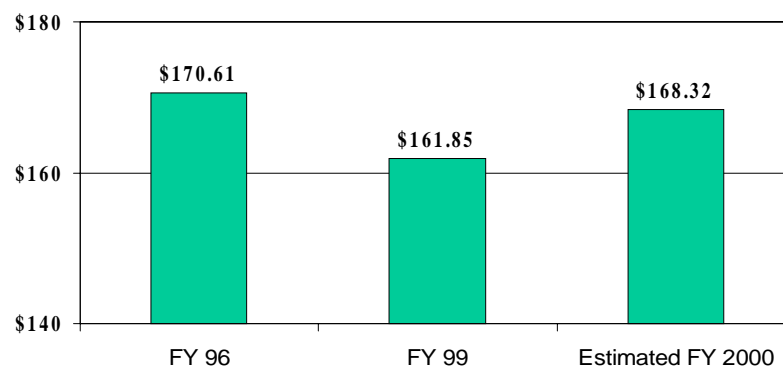
nearly 15 percent in the early 1990s to an estimated 3.35 percent in fiscal year 1999, increasing only slightly to 4.75 percent in fiscal year 2000.

The fiscal year 2000 recommendation for the Department of Community Health emphasizes the need to continue with the implementation of managed care services in place of traditional fee-based systems of care. The Executive Budget also recognizes, however, that managed care costs have increased and recommends a modest increase in premium rates. The conversion of the rate setting process from state specified rates to one where rates are set by the market place through competitive bidding has generated substantial savings. The chart below uses Wayne County rates to illustrate the effectiveness of this rate setting methodology. In fiscal year 1996, the average managed care monthly rate in Wayne county — the amount paid prior to competitively bidding rates — was \$170.61. Three years later in fiscal year 1999, the average Qualified Health Plan (QHP) monthly rate in Wayne county is only \$161.85. Statewide, it is estimated that the new rate setting system saves \$120 million annually. While these rates are sustainable through fiscal year 1999, a four percent rate increase is recommended for fiscal year 2000 in order to maintain the delivery of high quality care by the plans.

The fiscal year 2000 budget includes a 4% managed care rate increase.

The fiscal year 2000 recommendation also recognizes that costs have increased for other providers as well. In addition to Health Plan rate increases, the fiscal year 2000 recommendation also includes \$43.7 million to finance

**Wayne County Managed Care Rate Comparison**



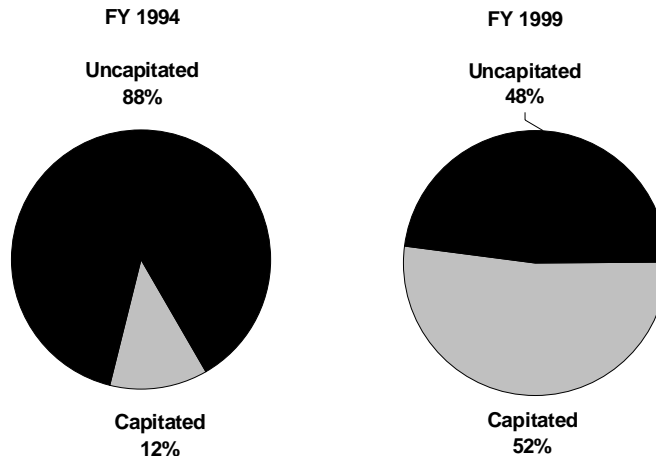
discretionary payment rate increases for hospitals, nursing homes, physicians and other Medicaid providers paid through the fee-for-service system.

Some areas of the Medicaid program have also been moving into capitated managed care with no fiscal adjustments being made in the programs. Since September 1998, the Children's Special Health Care Services' members in some counties have had the opportunity to choose between using the fee for service program or a Special Health Plan. More than 100 families have chosen to join one of the Special Health Plans. Choosing to join a Special Health Plan allows the families to benefit from additional services provided by the plans.

Although the Medicaid Program has been steadily enrolling clients into managed health care plans, as the chart below shows, one half of Medicaid expenditures remain in the unmanaged fee-for-service system. While this is a great improvement when compared to 1994 when only 12 percent of expenditures were in a capitated system, continued expansion of capitated care is necessary to avoid large cost increases in the future.

Currently over half of Medicaid spending is in capitated managed care.

Medicaid Payment Systems



The major population groups yet to be enrolled in managed care are aged, blind, and disabled recipients using long term care services and those eligible for both Medicaid and Medicare. The major Medicaid cost incurred by this group is nursing home care. The chart below demonstrates that costs in this sector have risen faster than other Medicaid spending. Public Act 336 of 1998, the fiscal year 1999 Department of Community Health budget bill, establishes a joint Executive - Legislative work group to develop a managed long term care plan for Medicaid recipients. While no fiscal adjustments related to this plan are incorporated into the fiscal year 2000 recommendation, it is anticipated that the work group will propose a plan that addresses cost concerns and maintains high quality services to this clientele.

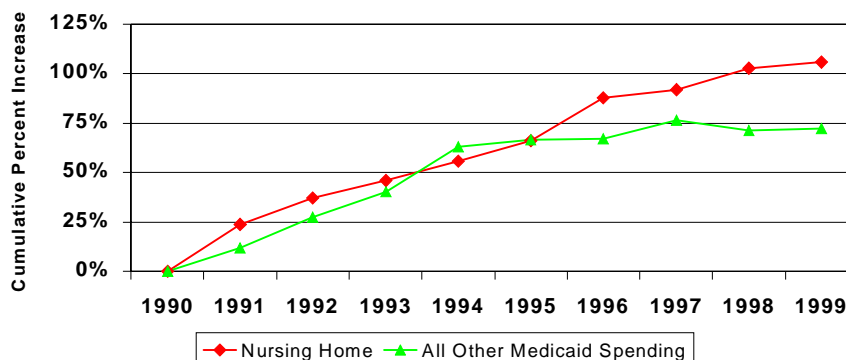
Nursing Home Quality — The Governor's fiscal year 2000 recommendation revises Medicaid's quality

incentive program. The \$25.0 million Continuous Quality Improvement Program within the Department of Community Health is discontinued and replaced with several new components. First, \$10.0 million is transferred to the Department of Consumer and Industry Services to finance a new Nursing Home Quality Incentive Grant program linked to that department's nursing home

monitoring system. Another \$3.8 million will be used to increase the personal needs allowance for nursing home residents from \$30 to \$40 per month. The personal needs allowance covers clothing, hobbies, haircuts,

Nursing home costs outpace other Medicaid costs.

Medicaid and Nursing Home Cumulative Expenditure Percent Change from Fiscal Year 1990



manicures, and other items and activities that are fundamental to the happiness and comfort of residents. The remainder of the funds contributes to a two



percent increase of \$13.3 million, provided as a discretionary inflationary increase to nursing homes as part of their variable cost component.

**MIChild** — The fiscal year 2000 recommendation continues funding for the MIChild children's health insurance program. This program provides low cost insurance to children living in families with incomes below 200 percent of poverty, which is \$33,000 for a family of four.

**Special Financing** — Michigan uses a variety of special financing initiatives, in partnership with local units of government, to help fund the Medicaid program. Between fiscal years 1995 to 1998, a total of over \$2 billion was saved from these partnerships. All of this funding has been used to finance health care for low income children, elderly and disabled Michigan residents. The fiscal year 2000 budget incorporates new initiatives which are expected to reduce state costs by \$23.2 million.

---

"Michigan's new plan to offer health insurance for \$60 a year per child is a godsend to poor families...This has the potential to make a dramatic, positive impact on the health of Michigan's youngest citizens."

Lansing State Journal  
(8/27/98)

---

**Federal Funding** — Federal Medicaid funding is provided to states on a matching basis, with rates set by the federal government. After a four-year decline in Michigan's federal funding match rate, the fiscal year 2000 rate increases to 55.11 percent from 52.72 percent in fiscal year 1999. This state-to-federal shift will reduce state costs by a total of \$133 million in fiscal year 2000.

**Adult Home Help** — Michigan continues to recognize the human value of community based, least restrictive alternatives to residential or institutional care. The fiscal year 2000 Executive Budget recommendation contains a \$22.4 million increase in the Adult Home Help program, which brings total funding to \$160.9 million. The Adult Home Help program enables disabled individuals to live independently by financing in-home assistance with activities of daily living. Each month over 39,000 individuals with self care limitations are empowered to choose and direct the efforts of their personal care providers. The program serves individuals who meet income eligibility criteria and have a physician's statement of need for personal care services.

**Health Care Partnerships** — The fiscal year 2000 Executive Budget recommendation funds comprehensive health coverage programs through partnerships with local governments. Over 25,000 indigent, low income, and working uninsured people are currently receiving health coverage through local programs in Wayne and Ingham counties.

#### **Mental Health Programs**

In fiscal year 1999, Community Mental Health Service Programs began operating a Medicaid managed care system financed with capitated payments. The benefits of managed care include flexibility in designing services to meet specific client needs, a more easily calculated state cost, improved data reporting,



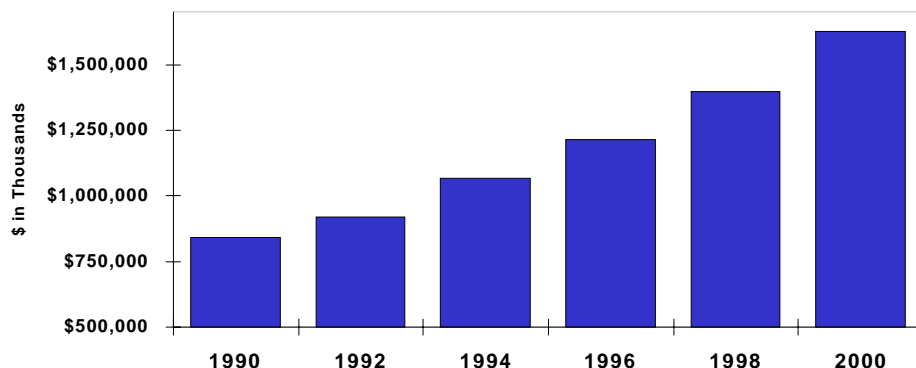
increased service coordination, better client access, increased consumer protections, and a closer linking of mental health and substance abuse services. Under managed care, all substance abuse funding passes through Community Mental Health Services Programs to the Substance Abuse Coordinating Agencies. Community Mental Health Services Programs and Coordinating Agencies are required to have at least one collaborative program in place. Additionally, managed care will result in more cost effective service delivery. The Medicaid managed care waiver for mental health services requires competitive bidding by fiscal year 2002. A pilot program for competitive bidding will be implemented in fiscal year 2000. Savings generated through the competitive bid process will be used to augment mental health services in the area of the pilot program.

**Funding for  
Community  
Mental  
Health  
Services  
continues to  
increase.**

The continued move of clients from state hospitals into community care has resulted in a new low in the state hospital census. All savings have been redirected to Community Mental Health Services Programs for more appropriate community services, which are based upon person centered planning for each consumer.

In the 1990's, state funding for Community Mental Health Services Programs has climbed by 133 percent, and the number of patients served has grown by 67 percent. Several increases for mental health services are recommended in the fiscal year 2000 recommendation. Over \$13.7 million has been added for full year funding of the residential care worker salary increase, usually referred to as a "wage pass-through." The wage pass-through provides an increase in hourly wages for residential care workers and day program employees who provide direct care services to Michigan's developmentally disabled citizens. An increase of over \$2 million has been included in the fiscal year 2000 recommendation for the purchase of newer and more effective medications and to provide more residential and outpatient treatment services.

**Community Mental Health Funding**



**Public Health  
Programs  
Immunization—**  
Michigan has continued to increase its childhood immunization rates. Preliminary 1998 rates among two-year old children increased to 82 percent from 42 percent experienced in fiscal year 1991. This substantial improvement demonstrates the value

of continuing efforts the department and its many partners have undertaken. The department anticipates reaching the national goal of a 90 percent immunization rate for two-year old children in fiscal year 2000.

**Infant Mortality** — Infant mortality continues to decline and is down 22 percent since 1991. For that same time period, infant mortality rates for African American infants decreased 19 percent. Infant mortality in Michigan decreased to 8.1 deaths per 1,000 live births in 1997.

**Healthy Michigan Funds** — The Healthy Michigan Fund continues to support prevention and education programs within the Department of Community Health. Over \$35 million is earmarked to support key prevention and health care services in a variety of areas such as smoking prevention, cancer prevention, pregnancy prevention, respite care, diabetes control, violence prevention, childhood immunizations, physical fitness, dental care, MICHild outreach, osteoporosis prevention and education, and senior nutrition services.

**Local Public Health Operations** — The fiscal year 2000 recommendation provides an intergovernmental transfer of \$17.5 million, all of which is general fund, from the Department of Community Health's Local Public Health

Operations program to the departments of Agriculture and Environmental Quality. This transfer aligns agricultural and environmental-related public health spending with the departments primarily responsible for those areas. The Department of Agriculture receives \$7.9 million for food protection services; and the Department of Environmental Quality receives \$9.6 million for public water supply, private groundwater supply, and on-site sewage disposal management activities. These state departments will continue to work with local health departments and the funding will continue to support local public health operations. Included in these transfer amounts is a 3 percent increase for all local public health operations, an additional \$1.2 million.

---

"Thanks to efforts led by Engler's Department of Community Health, the immunization rate for 2-year olds has more than doubled...Infant mortality rates have fallen by almost one quarter...Poverty is down and health insurance coverage is up."

Michigan Chronicle  
(9/16/98)

---

**Children's Waiver Home Care Program** — Appropriations for the Children's Waiver Home Care Program (Children's Model Waiver) have been brought together into a new expenditure line totaling \$21.7 million to better focus services, and to improve monitoring and accountability. An additional \$13.3 million gross and \$4.8 million general fund are added to the budget to increase the number of children who may participate in the waiver — from 350 to 400 — and to increase the reimbursement rate for persons serving the children.

PROGRAM OUTCOMES	FY97	FY98	FY99	FY00
Enroll 100% of the Medicaid eligible clientele into capitated managed health care plans. <i>*The change is attributable to a difference in the way that clients exempted from mandatory coverage are counted.</i>	94%	88% *	100%	100%
Increase the number of persons served in the community by Community Mental Health Services programs.	211,222	218,164	225,035	228,000
Reduce the infant mortality rate to no more than 7.5 per 1,000 live births, while minimizing disparities among rates for racial, ethnic, socioeconomic, or geographic populations.	8.1	7.9	7.7	7.4
Reduce the number of childhood deaths, age 0-17.	1,834	1,800	1,775	1,750
Reduce adult smoking to 22%.	24%	23%	22%	22%
Increase to 90% the proportion of children age two who have been fully vaccinated.	77%	82%	86%	90%
Expand the delivery of home and community based services for the elderly.				
Home Delivered Meals	7,791,686	8,784,157	8,912,848	9,025,330
Home Based Medicaid	4,000	6,000	9,000	9,090
Hours of Respite Care	352,961	462,986	591,964	707,930

# Department of Agriculture

(Amounts in thousands)

## FUNDING HISTORY\*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$45,472.0		\$35,637.8	\$39,000.0	\$40,883.9
All Funds	\$70,589.9		\$80,434.5	\$79,150.7	\$86,327.1
	% Change -GF/GP			9.4%	4.8%
	% Change - All Funds			-1.6%	9.1%

## KEY ISSUES

## GF/GP

## ALL FUNDS

Local Public Health Operations Transfer from  
Department of Community Health

\$0.0

\$7,888.3

Project GREEN Funding Increase

\$2,000.0

\$2,000.0

Eliminate One-time Environmental Technology  
Research Grant

(\$1,400.0)

(\$1,400.0)

Food Safety Assurance Program

\$303.1

\$303.1

Agriculture Equine Industry Development Fund  
Adjustments

\$0.0

(\$3,819.9)

Other Adjustments

(\$262.1)

\$142.6

Economic Adjustments

\$1,242.9

\$2,062.3

Subtotal

\$1,883.9

\$7,176.4

\*Adjusted for program transfers

FY2000 Executive Recommendation	\$40,883.9	\$86,327.1
---------------------------------	------------	------------

# Department of Agriculture

Nearly  
one-third  
of the  
department's  
budget is  
earmarked  
for food  
safety  
programs.

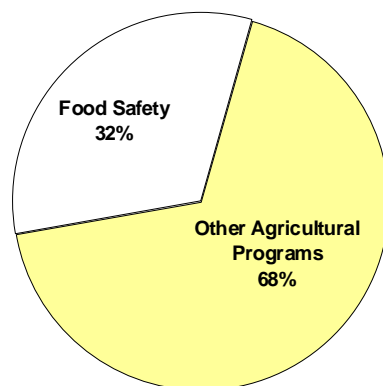
The Michigan Department of Agriculture is charged with promoting and protecting the food, agriculture and economic interests of the people of the State of Michigan. Department programs serve all sectors of the food and agriculture industry, which is Michigan's second-largest industry. Founded in 1921, the Department of Agriculture protects the integrity of food and feed, and the health of animals in the state through regulatory programs. Other responsibilities include conducting inspections and tests to enforce laws on food safety, encouraging environmentally acceptable agricultural practices, supporting the growth and economic health of the state's agricultural and food industries, and ensuring appropriate management of pesticides across the state. In addition, the department provides oversight for the Michigan State Fair, Upper Peninsula State Fair and 88 county and local fairs.

The fiscal year 2000 recommendation for the Department of Agriculture equals \$86.3 million gross, \$40.9 million general fund — a 4.8% general fund increase.

## Food Safety

Ensuring the safety of the food we eat has been a primary role for the department since its inception. Maintaining a viable food system assures the delivery of a wholesome food supply. Michigan's food safety program is recognized nationally and serves as a model for similar programs in other states.

Fiscal Year 2000 Spending



Building on the \$285,000 increase for the food safety program in fiscal year 1999, the fiscal year 2000 budget adds \$303,100 to increase the department's food inspection efforts. The recommended funding will support food safety training and begin automating inspection systems, allowing consumer access to valuable food safety information.

In 1996, Governor Engler transferred all state and local food safety programs to the Department of Agriculture.

Consolidating standard setting, monitoring and inspection activities

within a single agency allows for uniformity in achieving and maintaining a safe, high quality food supply. In the fiscal year 2000 budget, greater accountability for food protection funds will be accomplished through a \$7.9 million interdepartment grant from the Department of Community Health to support local health department food safety activities. Aligning the funding with the Department of Agriculture's food safety expertise will help improve inspection services and reinforce a consistent set of food safety standards.

For fiscal year 2000, the Governor also proposes \$6 million for Project GREEN (Generating Research and Extension to meet Economic and Environmental Needs) in the second year of a joint venture with Michigan State University. The project enhances Michigan's farm economy by producing innovative solutions to emerging plant agriculture issues through an integrated pollution prevention and food safety initiative. Partnerships between government, university, commodity groups, food producers and consumers will help protect and preserve environmental quality and maintain the safety of Michigan's food supply.

#### Bovine Tuberculosis

Michigan is striving to eradicate bovine tuberculosis from the state. The disease has been found in a free-ranging deer population, which is an unusual occurrence, and has recently been discovered in the livestock population.

In 1998, Governor Engler issued an executive directive, coordinating the efforts of the departments of Agriculture, Community Health and Natural Resources to eradicate bovine tuberculosis from Michigan. The Department of Agriculture has tested over 25,000 livestock and continues an active involvement with further testing. Strict disease control measures have been instituted to prevent the disease from reestablishing itself in Michigan livestock and to ensure that meat and milk from Michigan are safe and wholesome products.

Funding for this effort will be dramatically increased from \$1.6 million in fiscal year 1998 to \$9.6 million over the next two years. The \$9.6 million is recommended as a fiscal year 1999 supplemental appropriation. These resources will provide funds to test herds at state expense, to provide indemnification payments to farmers with infected herds, and to help farmers reestablish their businesses if herds must be destroyed.

#### Horse Racing

The horse race industry in Michigan is an important component of Michigan's vibrant agriculture industry. Governor Engler recently signed into law Public Act 505 of 1998, allowing a portion of dollars raised by the industry to remain at local racetracks. An estimated annual \$1.8 million in uncashed wagers will be divided between the local tracks and specified horse racing programs.

This new law also provides financial assistance for the development and capital improvements of a new thoroughbred-racing venue. Michigan is temporarily without a home for thoroughbred racing following the closure of Ladbroke's Detroit Race Course in 1998; an estimated \$500,000 in uncashed wagers from Ladbroke will contribute toward development of a new thoroughbred race track.

Revenue in the Agriculture Equine Industry Development Fund is estimated at \$10 million for fiscal year 2000, a reduction of \$3.8 million from fiscal year 1999 appropriated amounts, requiring appropriate adjustments to the funding provided for Michigan's horse racing infrastructure, breeders' awards, and building and track improvements.

<b>PROGRAM OUTCOMES</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>
<b>Reduce the number of food borne illnesses</b>				
Remove substandard food products from the marketplace	3.3 million pounds	3.4 million pounds	3.6 million pounds	3.8 million pounds
Inspect restaurant and food retail establishments	20,526	20,650	20,700	21,000
<b>Maintain the supply of milk produced meeting strict quality standards for public consumption</b>	5.4 billion pounds	5.5 billion pounds	5.6 billion pounds	5.6 billion pounds
<b>Increase the number of plants certified for commerce</b>	50 million	50 million	51 million	52 million
<b>Increase gallons of gasoline sold meeting quality standards</b>	4.2 billion	4.3 billion	4.4 billion	4.5 billion



# Department of Environmental Quality

(Amounts in thousands)

## FUNDING HISTORY \*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$95,657.7		\$84,573.4	\$92,501.3	\$96,096.4
All Funds	\$160,084.7		\$403,304.7	\$400,787.9	\$396,546.0
	% Change -GF/GP			9.4%	3.9%
	% Change - All Funds			-0.6%	-1.1%

## KEY ISSUES

	<u>GF/GP</u>	<u>ALL FUNDS</u>
Local Public Health Operations Transfer from Department of Community Health	\$0.0	\$9,590.5
Settlement Fund Revenue Replacement	\$1,000.0	\$0.0
Leaking Underground Storage Tank Revenue Replacement	\$800.0	\$0.0
Environmental Protection Bond Revenue Replacement	\$140.0	(\$717.1)
Geographic Information System — Floodplain Mapping	\$70.0	\$280.0
Eliminate One-time Funding Adjustments	(\$470.0)	(\$2,920.0)
Bottle Deposit Revenue Adjustment	\$0.0	(\$14,813.4)
Other Adjustments	\$75.9	(\$437.2)
Economic Adjustments	<u>\$1,979.2</u>	<u>\$4,775.3</u>
Subtotal	\$3,595.1	(\$4,241.9)

\*Adjusted for program transfers

FY2000 Executive Recommendation	\$96,096.4	\$396,546.0
---------------------------------	------------	-------------

# Department of Environmental Quality

The Department of Environmental Quality is committed to restoring and enhancing Michigan's environment for the protection of public health and the preservation of our natural resources. The department's emphasis on environmental monitoring, permitting, enforcement, and innovative partnerships add to the quality of life enjoyed by residents and visitors alike. The Governor's fiscal year 2000 budget recommendation gives the department the necessary tools to continue its work, with a total recommendation of \$396.5 million, of which \$96.1 million is general fund.

## Clean Michigan Initiative

The approval of Governor Engler's Clean Michigan Initiative in November 1998 authorizes \$675 million for numerous environmental and natural resource enhancement projects. The Department of Environmental Quality will administer \$570 million which includes \$335 million for brownfield redevelopment and clean up of contaminated sites, \$50 million for waterfront improvement, \$90 million for water quality monitoring and water resources protection, \$50 million for nonpoint source pollution control activities, \$25 million for contaminated sediment cleanup, and \$20 million for pollution prevention. This additional funding will improve the quality of Michigan lakes, rivers, and streams, reduce urban sprawl and the loss of farmland and green spaces, and enhance waste prevention and recycling efforts. The departments of Natural Resources and Community Health will oversee added funding for state park revitalization, local parks and recreation programs, and lead hazard control efforts. As the program structures become defined, the department will work with the Legislature to obtain necessary budget approval.

## Contaminated Site Clean Ups

The Clean Michigan Initiative will provide additional revenue necessary to continue contaminated site cleanup, which continues to be a primary focus of the department. The recommended budget implements the fourth year of the Environmental Cleanup and Redevelopment Program with \$16.3 million in state support. Since 1997, more than \$515 million in private dollars have been invested to improve Michigan's environment. The department continues to decrease health risks by the removal of toxic materials from soil and drinking water, cleanup of federal Superfund landfill sites, and abatement of pollution emanating from leaking underground storage tanks.

The state's enforcement activities have successfully reduced polluter violations. As a result, the decreased number of violations has generated less revenue from responsible parties. Therefore, general fund support is necessary to maintain enforcement efforts. For fiscal year 2000, the state will contribute \$1.9 million in general fund dollars to replace Settlement Fund, Leaking Underground Storage Tank Fee, and Environmental Protection Bond revenues.

## New Hazardous Waste Regulations

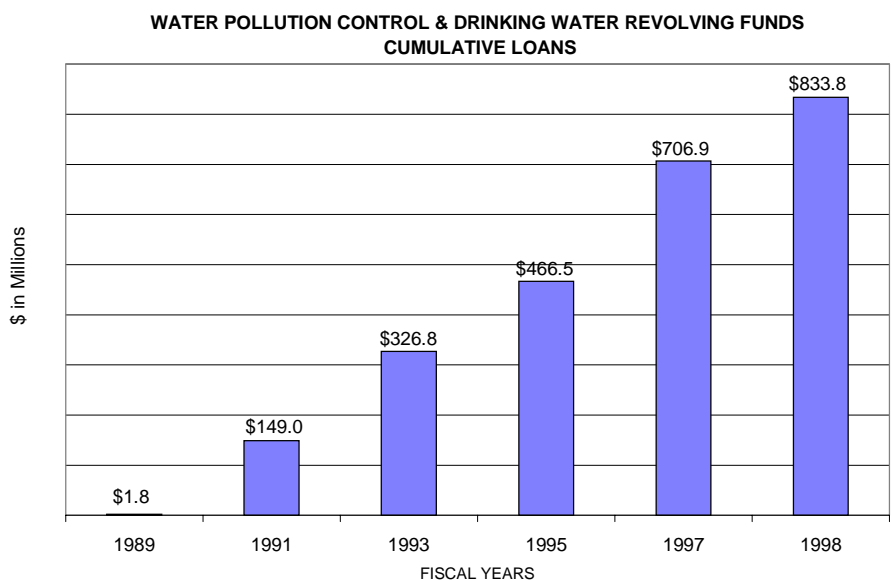
Effective September 1, 1998, federal law prohibits state permitting or licensure of hazardous and liquid waste haulers unless the state joins the National Uniform Transportation Program. In order to comply with this federal mandate, Public Acts 138, 139, and 140 of 1998 were enacted designating Michigan as the sixth state to join the program, following Illinois, Ohio, West Virginia, Nevada, and Minnesota. These new state laws repeal the current hazardous waste and liquid waste transportation fees, resulting in the loss of \$1.6 million in state revenue which was used to regulate the transportation of hazardous waste from the point of origin to disposal and treatment facilities. To compensate for this loss of revenue, a new fee package is proposed in the fiscal year 2000 budget to replace permit and license revenue. The fee package is in accord with the National Uniform Transportation Program. Hazardous waste generators and facilities that treat, store and dispose of hazardous waste will be subject to user charges. This new source of revenue allows Michigan to continue hazardous waste responsibilities delegated from the United States Environmental Protection Agency.

Over \$800 million in loans has been provided to local governments for upgrades of waste water treatment systems.

## Local Assistance Programs

The Governor's fiscal year 2000 budget continues two financial assistance programs for local government. The Revitalization Revolving Loan Fund provides low-interest loans for site assessments, demolition, and response activities, to prepare known and suspected sites of contamination for redevelopment, thus preserving untouched natural areas. The Municipal Landfill Grant program provides half of the cost of cleanup at municipal solid waste landfills on the National Priority List.

The fiscal year 2000 budget also maintains state support of \$17.4 million to match \$85.0 million in federal support to control water pollution and ensure safe drinking water. Low-interest loans are available to local units of government, hospitals, schools, and private businesses through the Water Pollution Control Revolving Loan Fund and the Drinking Water Revolving Fund for the control of agricultural, rural, and urban runoff, estuary improvement projects, storm water and sewer overflows, and alternative treatment technologies. This year's budget includes \$9.6 million for drinking



water supply and on-site sewage management activities performed by local health departments. This interdepartment grant from the Department of Community Health ensures a close coordination between Department of Environmental Quality program goals and local health department responsibilities.

---

“I believe that economic development and environmental stewardship go hand in hand. I believe strongly that a balanced approach can allow for job creation today and the conservation of our precious natural resources for tomorrow.”

(Excerpt from Governor Engler’s address to the Detroit Economic Club on February 2, 1998)

---

#### Other Highlights

The fiscal year 2000 budget also provides \$280,000 to complete a Geographic Information System to document the state’s floodplains.

This mapping project will help prevent flood damage which is responsible for 70 percent of all declared disasters in Michigan. Currently, one-third of the state has been mapped by the Federal Emergency Management Administration. With the completion of this project, the entire state will have the benefit and protection of this technology, which will

provide vital information and knowledge regarding floodplain locations statewide. This information will help prevent future building in floodplain locations and minimize runoff from agricultural sites.

PROGRAM OUTCOMES	FY97	FY98	FY99	FY00
<b>Increase Participation in Outreach Programs</b>				
Business Pollution Prevention Partnership	33	63	90	120
Environmental Assistance Center Contacts	22,632	31,761	39,700	49,600
<b>Increase Environmental Enforcement</b>				
New Cases	70	79	100	100
<b>Increase Remediation of Underground</b>				
<b>Storage Tank Leaks</b>	70	79	100	100
<b>Increase Number of Underground Storage</b>	3,059	3,380	4,000	4,500
<b>Tanks Removed</b>				

# Department of Natural Resources

(Amounts in thousands)

## FUNDING HISTORY \*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$47,292.8		\$47,882.7	\$49,650.0	\$50,995.0
All Funds	\$156,399.5		\$217,918.9	\$228,001.5	\$239,576.3
	% Change -GF/GP			3.7%	2.7%
	% Change - All Funds			4.6%	5.1%

## KEY ISSUES

	<u>GF/GP</u>	<u>ALL FUNDS</u>
Michigan Civilian Conservation Corps Funding Adjustment	\$1,000.0	\$0.0
Tax Payment Cost Adjustment	\$384.4	\$319.0
State Parks CPI Adjustments	\$162.2	\$400.7
Federal Timber Revenue	\$0.0	\$2,800.0
Forest Inventory and Monitoring	\$0.0	\$2,335.0
Law Enforcement In-Car Computing	\$0.0	\$1,500.0
Cooperative Resource Programs	\$0.0	\$1,250.0
Forest Fire Equipment Replacement	\$0.0	\$1,200.0
Youth Education and Outreach Programs	\$0.0	\$650.0
Clean Michigan Initiative Administrative Costs	\$0.0	\$250.0
Fish Ladder Repair and Maintenance	\$0.0	\$200.0
Eliminate One-time Funding Adjustments	(\$353.6)	(\$3,180.9)
Various Revenue Adjustments	(\$1,000.0)	(\$1,940.9)
Economic Adjustments	<u>\$1,152.0</u>	<u>\$5,791.9</u>
Subtotal	\$1,345.0	\$11,574.8

\*Adjusted for program transfers

FY2000 Executive Recommendation	\$50,995.0	\$239,576.3
---------------------------------	------------	-------------

# Department of Natural Resources

**T**he fiscal year 2000 recommendation recognizes Michigan's precious resource heritage and reaffirms our commitment to managing and enhancing these resources. The recommendation for the Department of Natural Resources will allow the department to sustain and develop programs which provide recreational opportunities, forest management, wildlife and fisheries management, access to Michigan's parks and forest campgrounds, youth outdoor education, and conservation and law enforcement for the protection of our natural areas. The fiscal year 2000 Executive Budget recommendation for the Department of Natural Resources totals \$239.6 million, \$51 million in general fund.

## Continued Focus on Conservation

Since the creation of the Department of Environmental Quality in 1995, the Department of Natural Resources has re-energized and refocused its commitment to the conservation, protection, management, use and enjoyment of the state's natural resources for current and future generations.

## Youth Conservation and Education

Acting on Governor Engler's Hunting and Fishing Task Force recommendation on how to strengthen Michigan's outdoor heritage, children will have the opportunity to learn, appreciate and gain respect for our natural resources. The fiscal year 2000 Executive Budget includes \$650,000 to build upon the efforts started in fiscal year 1999 for the development of a youth conservation and education program. The department's efforts will feature a fourth-grade curriculum supplement that emphasizes the importance of youth participation outdoors and the preservation of our outdoor heritage. The curriculum will feature the fictional character, Buck Wilder, who appeals to both urban and rural children as he promotes fun, appreciation and knowledge of Michigan's outdoor recreation opportunities. The department will establish an interactive web site for children and develop programs on the state park system where the natural resources curriculum will come alive.

## Forest Program

To allow for a more timely, accurate, and complete inventory of the state's forest land, the fiscal year 2000 Executive Budget includes \$2.3 million for a new forest inventory system. The new system, developed in partnership with the United States Forest Service, will inventory all state forests every five years and allow forest managers to make decisions based on current scientific data. A fully integrated inventory system will allow management to better address such issues as harvest, insect and disease management, wildfire, and road planning, thus enhancing the quality and the revenue generating capability of state-owned forest lands. This initiative will have a positive impact on Michigan's \$12 billion forest-based economy which employs over 200,000 individuals.



Local roads and schools will also benefit from the healthy forest economy as the fiscal year 2000 budget recommends \$2.8 million, collected from the sale of timber on federal forest land, be passed on to the counties from which the timber was harvested. An additional \$1.2 million is recommended for forest fire equipment, providing for the retirement and replacement of equipment that has passed its useful life and enhancing fire suppression capability to preserve and protect Michigan's forests.

#### Cooperative Resource Programs

The Governor recognizes the need to reclaim, revitalize and maintain urban, suburban, and rural landscapes. To effect this, the fiscal year 2000 Executive Budget recommends \$1.25 million for the coordination and enhancement of Cooperative Resource Management programs. Michigan contains over 19 million acres of forest lands, including 12 million acres under private ownership and 7 million acres administered by state, federal or local governments. Over 60 percent of this land is not actively managed to achieve a full range of natural resource benefits. With additional funding, the Department of Natural Resources will create public/private partnerships with soil conservation districts to expand technical assistance and guidance to private landowners to achieve effective land management, improve air and water quality, create wildlife corridors and green space, enhance economic value in timber and tourism, and most importantly, improve the overall quality of life.

#### Hunting and Fishing Initiatives

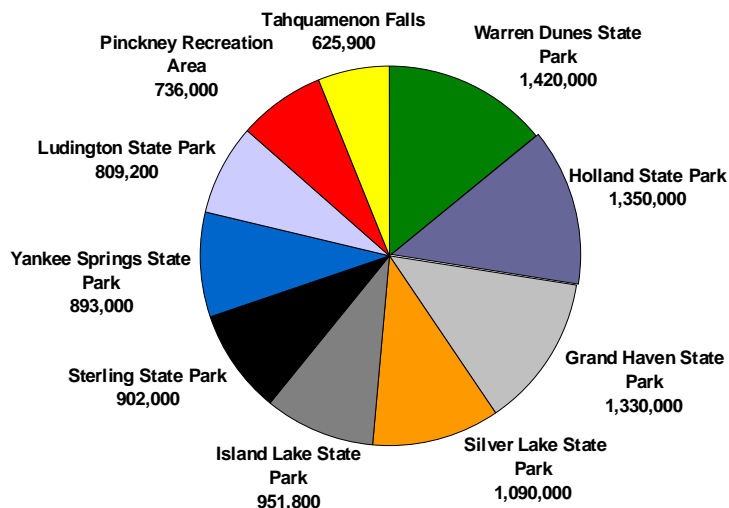
The fiscal year 2000 budget continues funding to support hunting and fishing activities, and recommends an additional \$200,000 for fish ladder repair and maintenance. The fiscal year 2000 recommendation also includes \$1.5 million for in-car computers for conservation officers. In this way, vehicles are transformed into mobile offices; voiceless communication will also improve security for the men and women who enforce our natural resources laws.

#### Preserving, Promoting and Improving State Parks and Recreation Areas

The dedication and commitment to preserving and promoting our state parks was rewarded in 1998 as a record number of visitors enjoyed the unique recreational opportunities Michigan's state parks offer. Further public confirmation came in November 1998 as Governor Engler's Clean Michigan Initiative was approved by a vast majority of voters. Of the \$675 million plan, \$50 million will provide funding for state park revitalization. In

**A record-setting 26.3 million visitors flocked to Michigan state parks and recreation areas in 1998.**

**State Park Usage**  
Michigan's 1998 Top Ten Locations





combination with other existing revenue sources, the Department of Natural Resources plans to revitalize state parks upgrading electrical, sewer and water systems, repairing or replacing roads, restroom facilities, and operating buildings at various locations across the state. A detailed assessment of infrastructure needs will be completed in 1999, incorporated into the 5-year park improvement plan, and will provide the foundation for priority decisions of park repairs and improvements. The Department of Natural Resources will also administer \$50 million in Clean Michigan Initiative grant funding targeted for local parks and recreational opportunities. Grants ranging from \$15,000 to \$750,000 will be awarded to local units of governments for a variety of purposes, including construction or renovation of recreation centers, sports fields, non-motorized trails, nature centers, fishing piers, and swimming pools.

Other improvements for parks and recreation programs involve fiscal year 2000 recommended capital outlay funding of \$18.3 million for recreational boating needs. Recreational boating contributes \$2.4 billion to Michigan's tourism industry. With one of the largest registered recreational boat populations in the country, Michigan also offers its citizens and tourists a nationally-acclaimed recreational boating facility program.

- Harbors and Docks Program—Funds the repair, upgrade, and expansion needs of recreational mooring facilities in order to maintain a safe network of harbors along the Michigan Great Lakes shoreline.
- Boating Access Sites Program—Funds the development and upgrade of more than 700 public boating access sites to improve small craft access to inland lake and Great Lakes boating opportunities.
- Harbor Development Program —Funds public/private partnerships to develop publicly owned waterfront properties to meet recreational boating needs and improve sites for fishing, picnicking, tourist viewing of facilities, and other water-related leisure activities.

PROGRAM OUTCOMES	FY97	FY98	FY99	FY00
<b>Increase the use of State Parks and Forests</b>				
Camp nights	1,049,400	1,090,000	1,111,800	1,145,200
Day use attendance	18,660,600	21,000,000	21,420,000	22,062,000
Forest recreation camping days	430,600	564,000	570,000	575,000
<b>Increase recreational angling opportunities</b>				
Total angler days	1,610,700	1,626,807	1,643,100	1,659,500
<b>Maintain a high and safe level of recreational hunting</b>				
Big game hunting recreation days	12,924,600	12,000,000	12,000,000	12,000,000
Small game hunting recreation days	6,128,900	5,000,000	5,000,000	5,000,000
Accident rate per 100,000 hunters	3.0	3.0	3.0	3.0
<b>Ensure that forest fires are controlled quickly</b>				
Percent of forest fires kept under 10 acres	87.0%	93.0%	93.0%	93.0%

# Department of Transportation

(Amounts in thousands)

## FUNDING HISTORY\*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$0.0		\$0.0	\$0.0	\$0.0
All Funds	\$2,243,650.6		\$2,412,480.4	\$2,779,794.6	\$2,810,730.9
	% Change - GF/GP			0.0%	0.0%
	% Change - All Funds			15.2%	1.1%

## KEY ISSUES

		<u>GF/GP</u>	<u>ALL FUNDS</u>
Transportation Revenue Increases		\$0.0	\$62,124.4
- State Trunkline Road and Bridge	\$24,384.0		
- County Road Commissions	\$24,230.7		
- Cities and Villages	\$13,509.7		
Increased Maintenance Program Allocations		\$0.0	\$14,159.2
- Trunkline System Expansion — 192 miles	\$2,700.0		
- Rationalized Road Agreements — 120 miles	\$1,545.0		
- Deferred Maintenance Backlog	\$5,000.0		
- Heavy Equipment Replacement	\$2,714.2		
- Intelligent Transportation System	\$1,300.0		
- Roadside Facility Improvements	\$900.0		
Information Technology Enhancements		\$0.0	\$7,000.0
- Project Accounting/Billing System	\$4,000.0		
- Automation Enhancements	\$3,000.0		
Debt Service Savings		\$0.0	(\$17,429.7)
Transit & Freight Revenue Adjustments		\$0.0	(\$10,071.4)
Urban Economic Infrastructure — Redirect to Road Repairs		\$0.0	(\$4,000.0)
Technical Adjustments		\$0.0	(\$31,181.4)
Economic Adjustments		<u>\$0.0</u>	<u>\$10,335.2</u>
Subtotal		\$0.0	\$30,936.3

\* Adjusted for program transfers.

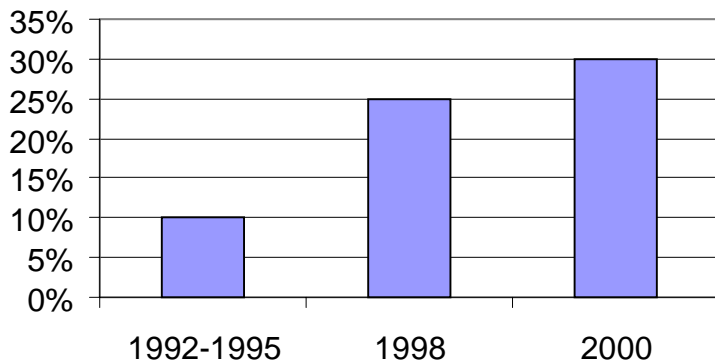
FY2000 Executive Recommendation	\$0.0	\$2,810,730.9
---------------------------------	-------	---------------

# Department of Transportation

**W**ith the Governor's Build Michigan II plan and the federal transportation funding package (TEA-21) firmly in place, Michigan will begin the new millennium with its most aggressive program yet for strengthening this state's transportation infrastructure. The Governor's successful efforts to secure additional state and federal road funding will allow the Department of

Transportation to continue to repair, maintain, and rebuild Michigan's roads and bridges at a record pace in fiscal year 2000. The Governor's budget recommendation totals over \$2.8 billion.

Increasing Percentage of Long-Term Road Fixes



**“Fixing Our Roads” — Accomplishments**  
Governor Engler's commitment to transportation began at the start of his first term with his Build Michigan initiative. Since 1991, over 7,300 miles of state roads have been improved — nearly twice the number of miles improved between 1984 and 1990. Other accomplishments include:

**Build Michigan II: increases long-term fixes and assures that every penny of the gas tax increase goes to roads and bridges.**

## 1998 Road & Bridge Program

At the conclusion of the 1998 construction season, 416 of the department's 503 road and bridge projects were completed on or ahead of schedule. Several projects, including the I-96 barrier wall between Kent Lake Road and Novi, M-59 Boulevard in Macomb county, and the US-27 freeway near St. John's were completed more than one year early.

## 1999 Road & Bridge Program

The department's 1999 road and bridge program will invest \$1.23 billion to repair 1,625 miles of road and rehabilitate 310 bridges on the state trunkline system, dedicating only seven percent of the 1999 program for new road construction. In addition, the Department of Transportation will continue to increase the amount of long-term (20 + year) fixes. Thirty percent of miles improved will have a fixed life of 20 years or more — this compares to 25 percent in 1998, and 10 percent in 1992-1995.

- The conclusion of the 1999 construction season will mark the completion of a multi-year effort to rebuild and rehabilitate the entire 31-mile length of I-275 between I-696/I-96 and I-75 in Monroe county.
- A cooperative effort with the city of Detroit will result in the rapid reconstruction of a 3.1 mile portion of I-75 in downtown.
- I-696 between I-75 and Dequindre will also be reconstructed in 1999.

- In Kent county, work continues on the Grand Rapids south beltline (M-6), originally conceived in the mid-1950's. Construction on the project began in the fall of 1997. The 1999 construction season will include the start of seven more bridges between I-96 and M-37 with roadway construction expected to begin in 2000.

#### Fiscal Year 2000 Budget Recommendation

The Governor's fiscal year 2000 budget recommendation will continue to build on Michigan's aggressive repair and rebuild efforts over the last two years. The Governor's fiscal year 2000 budget recommendation reflects the additional Build Michigan II and TEA-21 funding and focuses this investment on road repair and maintenance. The Governor's budget recommendation provides for a \$1.25 billion trunkline program for road repair and maintenance efforts to extend pavement life. These efforts will move the department closer to its goal of having 90 percent of our roads and bridges in good condition by 2007.

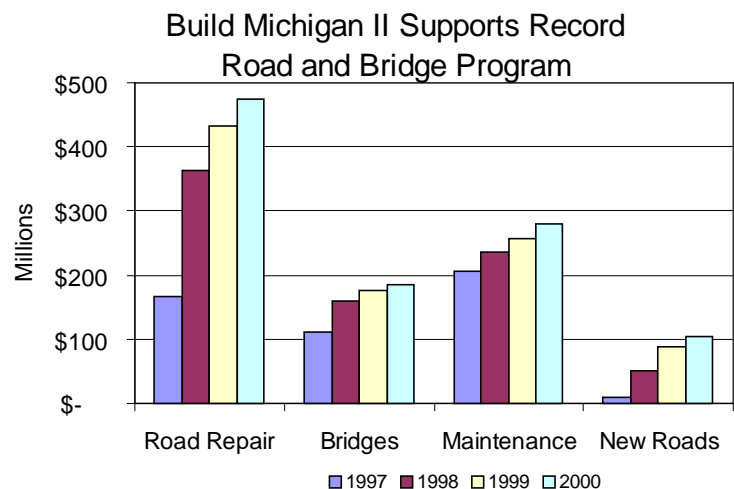
**MDOT is dedicated to repairing and rebuilding existing roads and bridges.**

#### Rebuilding Michigan's Bridges

Fiscal year 2000 marks the fifth year of a six-year program to address critical safety and preservation needs for the state's bridges. This year's program to rehabilitate and maintain Michigan's bridges will result in work on more than 284 bridges on the state trunkline system. The fiscal year 2000 budget earmarks \$185 million for bridge repairs and preventive maintenance.

#### Fiscal Year 2000 Priority Projects

- Fiscal year 2000 will provide for the long awaited construction of the M-57/I-75 interchange in Genesee county. The project will widen the interchange at M-57 and I-75 in Clio, supporting industrial and commercial development along this important corridor.
- To eliminate key traffic choke points, the fiscal year 2000 recommendation contains funding to:
  - Add weave merge lanes on northbound I-75 where the ramps intersect with I-69 in Genesee county.
  - Add lanes on I-94 from Mill Creek to M-14 in Washtenaw county.
  - Add a weave merge lane to relieve congestion during peak traffic periods on I-75 from M-72 to 4 Mile Road in Crawford county.



- Grade separation at US-27 and M-57 will relieve traffic delays brought about by the current signaled intersection in Gratiot county.
- Reconstruction of the US-131 s-curve in Grand Rapids will add weave merge lanes to increase capacity and address anticipated population growth.
- The department will begin construction on two major projects on the M-59 corridor at Squirrel and Crooks roads.

#### Local Funding Increases

The fiscal year 2000 recommendation provides over \$1.1 billion in support of local road and bridge projects. Included are transportation revenues the state shares with local units of government. These revenues are enhanced by the Build Michigan II plan and the federal TEA-21 funding package and will provide for substantial investment in local roads and bridges in fiscal year 2000. The fiscal

---

“Engler successfully lobbied Washington for more federal transportation dollars. Engler sought \$200 million more from Congress: he got \$300 million.”

Lansing State Journal (10/28/98)

---

year 2000 distribution of the Michigan transportation fund includes more than \$869.6 million appropriated to local governments according to the historical formula contained in Public Act 51. This statutory legislation requires revenues from the Michigan transportation fund to be allocated as follows: 39.1 percent to the state trunkline fund, 39.1 percent to counties, and 21.8 percent to cities and villages.

Local governments also receive nearly \$200 million in federal funds and over \$60 million in state supported revenues earmarked to local projects in the Michigan transportation fund through the critical bridge, rail grade crossing, local program, and economic development fund programs.

#### Transportation Investment Study Team

A transportation investment study team will soon be reviewing historical funding patterns and making recommendations for future funding mechanisms that recognize the changing responsibilities for Michigan’s transportation infrastructure. The department will also continue to seek voluntary agreements with local units of government regarding the development of an updated commercial backbone system.

#### Department Debuts New Five-Year Plan

The Department of Transportation recently unveiled the state’s first five-year plan of proposed highway capital investment. This five-year list of highway and bridge projects will invest a record \$6.3 billion to repair and rebuild 7,000 miles of state highways and to rehabilitate 1,400 bridges across the state from 1999 - 2003.

The vast majority of this investment will be used to preserve our existing state highway system, but a portion of the new federal funds will be used to increase highway capacity where necessary and to construct a handful of new freeways including the Grand Rapids south beltline (M-6), the Cadillac bypass (US-131) and US-131 north to Manton, the Haggerty Connector (M-5) Boulevard from 14 Mile Road to Pontiac Trail in southeast Michigan, and the relocation of US-31 in Berrien county.

---

“With the dramatic increase in transportation funding . . . motorists and taxpayers have a right to expect better roads and more accountability, and we’re delivering both.”

Governor John Engler (02/04/99)

---

In addition, the department has prepared a comprehensive border crossing strategy focused on reducing delays at Michigan’s borders through technology and infrastructure improvements. The five-year plan includes over \$425 million in strategic investments for these efforts. Michigan is actively seeking its share of TEA-21 federal funds to fund these border crossing improvements.

#### Working With Customers and Local Communities

This spring, the department will explain the new five-year plan to the public through a series of local transportation summits. High-impact construction projects and grant and loan programs funded or administered by the state will be discussed during these town hall sessions. Businesses, residents and motorists will know every road and bridge project the department will be undertaking for each of the next five years.

**Public-Private Partnership**—The Department of Transportation and AAA of Michigan are working together to identify and improve the safety of several intersections using state and matching AAA dollars.

**Increasing Citizen Access for Information**—The department’s toll free number 1-888-296-4546 for citizen comments, questions and complaints, combined with web page access <http://www.mdot.state.mi.us> and other information continues to provide a valuable customer service.



<b>PROGRAM OUTCOMES</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>
Increase the percent of state freeway miles in good/fair condition	74.9 %	76%	77%	79%
Increase the percent of state non-freeway miles in good/fair condition	67.5 %	68%	69%	71%
Increase the percent of bridges in good/fair condition	77%	77%	77.5%	78%
Reduce percentage of state highways with congested traffic flow	25%	24%	23%	23%
Maintain transit bus replacements	95	200	210	210

# Capital Outlay

(Amounts in thousands)

## FUNDING HISTORY \*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$183,663.3		\$316,691.0	\$247,961.9	\$277,311.1
All Funds	\$296,626.0		\$477,995.1	\$404,498.0	\$416,022.4
		% Change -GF/GP		-21.7%	11.8%
		% Change - All Funds		-15.4%	2.8%

## KEY ISSUES

	<u>GF/GP</u>	<u>ALL FUNDS</u>
State Building Authority Rent	\$20,482.6	\$20,482.6
Aeronautics Projects	\$9,900.0	\$1,852.4
Metropolitan Renovation/Construction Projects	\$10,000.0	\$10,000.0
Mackinac Island State Park Restoration	\$2,068.0	\$2,068.0
Department of Natural Resources Projects	\$0.0	\$1,566.4
Department of Transportation Projects	\$0.0	\$245.0
Department of Military Affairs Projects	(\$200.7)	\$2,630.0
DNR Trust Fund Projects Reduced for One Time Funding	\$0.0	(\$11,119.4)
U of M - Flint Building Renovation and One Time Planning Authorizations	(\$3,000.7)	(\$3,000.7)
Remove One-Time Funding — State Agency Special Maintenance/Remodeling/ Replacement and Planning Grants	<u>(\$9,900.0)</u>	<u>(\$13,200.0)</u>
Subtotal	\$29,349.2	\$11,524.3

\*Adjusted for program transfers

FY2000 Executive Recommendation	\$277,311.1	\$416,022.4
---------------------------------	-------------	-------------

# Capital Outlay

The Governor's fiscal year 2000 Capital Outlay budget is recommended at \$416 million gross and \$277.3 million general fund, including \$252.6 million to fund bond payments for previously approved capital outlay projects. The recommendation also requests a \$34.2 million (\$20.4 million general fund)

supplemental appropriation for fiscal year 1999. The budget emphasizes the need to maintain current facilities by allocating resources for special maintenance projects for various state agency buildings. There are no new building projects recommended in the fiscal year 2000 budget.

## Universities and Community Colleges

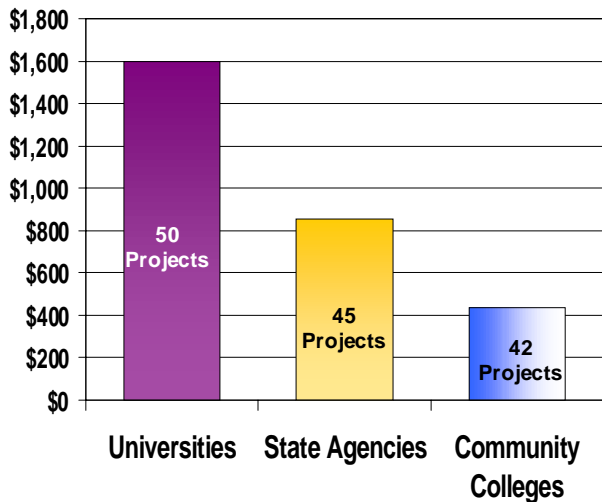
A new capital outlay process was established with PA 538 of 1998. It requires planning for a project to be completed by a professional architectural/engineering firm prior to final budget authorization. Project costs are significantly more accurate after the involvement of a professional architectural/engineering firm. In the past, consultation with the professional, in most cases,

occurred after the appropriation was made and yielded project costs that varied considerably from the original appropriation. This new process provides more accurate cost estimates, prevents costly delays in the construction process, and eliminates the need for higher education institutions to return to the state with cost modifications after an appropriation has been made.

The fiscal year 1999 supplemental request contains construction authorization for a building project at Monroe Community College. Planning for this project was previously authorized in the fiscal year 1999 Capital Outlay budget bill. Planning documents are now complete and, consistent with the new process for authorizing capital outlay projects, the project construction and cost authorization are now recommended.

The budget does not include new planning authorization for any universities or community colleges. However, work continues on 36 previously approved building projects at 18 community colleges and 15 universities, and planning for 4 universities and 7 community colleges. These facilities will provide an opportunity for state higher education institutions to maintain competitive instructional and high tech programs. Of the \$252.6 million included in the fiscal year 2000 Capital Outlay budget for bond payments on previously approved projects, \$122.5 million is allocated specifically for projects at higher education institutions.

**Construction Projects**  
(dollars in millions)



The state has spent \$2.8 billion on construction projects since 1990 — the majority for universities and colleges.

### State Agency Projects

Lump sum funding totaling \$26.7 million general fund (\$20.4 million in fiscal year 1999 and \$6.3 million in fiscal year 2000), is recommended to undertake the most urgent and critical maintenance projects at state facilities in the departments of Agriculture, Corrections, Community Health, Education, Family Independence Agency, Management and Budget, Natural Resources, Military Affairs, State Police, and the Legislature.

Fiscal year 2000 recommendations also include funding for the departments of Military Affairs, Natural Resources, and Transportation, to be funded primarily from restricted state and federal resources. These resources support on-going routine maintenance and repair projects at over 50 Michigan National Guard Armory and training sites; 96 state park and recreation areas; over 700 public boating access sites statewide; and over 340 facilities operated by the Department of Transportation consisting of garage maintenance buildings, service centers, rest areas, and regional offices.

The recommendation also contains \$14.9 million in general fund support for statewide aeronautics projects, including the on-going expansion of the Northwest Airlines terminal complex at the Detroit Metropolitan Airport, a multi-year commitment to the state's economic development.

### Metropolitan Renovation/Construction Projects

Included in the fiscal year 2000 recommendation are resources for support of renovation and construction projects at the Detroit Institute of Arts and the Grand Rapids Convention Center in the amount of \$5.0 million general fund for each project. These are considered to be the first payments towards pending future commitments of state funds for each institution and, as a condition of receiving such resources, both institutions must provide match resources from other sources in a ratio of two dollars for each one dollar of state funds.

### DNR Trust Fund Projects

The recommendation includes \$13.8 million in fiscal year 1999 for support of 21 land acquisition and 11 recreational facility development projects statewide, funded entirely with Michigan Natural Resources Trust Fund resources. This continues Round-II of fiscal year 1999 projects as recommended by the Michigan Natural Resources Trust Fund Board.

### Mackinac Island State Park

Recommended funding of \$2 million from the general fund in both fiscal years 1999 and 2000 is included for infrastructure improvements at the Mackinac Island State Park, one of the state's premiere regional tourist attractions. These improvements include reconstruction of the stone wall surrounding Fort Mackinac.

# Department of Attorney General

(Amounts in thousands)

## FUNDING HISTORY\*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$23,713.0		\$29,271.5	\$30,754.4	\$32,078.8
All Funds	\$32,471.3		\$49,099.0	\$52,683.5	\$55,132.3
	% Change -GF/GP			5.1%	4.3%
	% Change - All Funds			7.3%	4.6%

## KEY ISSUES

	<u>GF/GP</u>	<u>ALL FUNDS</u>
Casino Gaming Legal Services	\$0.0	\$163.9
DMB Retirement Legal Services	\$0.0	\$163.9
Courts/Prosecutor's Information Exchange — Match Change	\$39.4	\$17.6
Prosecuting Attorney's Brief Bank — Match Change	\$73.4	\$0.0
Other Adjustments	\$61.1	\$61.1
Economic Adjustments	<u>\$1,150.5</u>	<u>\$2,042.3</u>
Subtotal	\$1,324.4	\$2,448.8

\*Adjusted for program transfers.

FY2000 Executive Recommendation	\$32,078.8	\$55,132.3
---------------------------------	------------	------------

# Department of Attorney General

Funding has grown over the last 10 years to support the increased volume and complexity of legal cases.

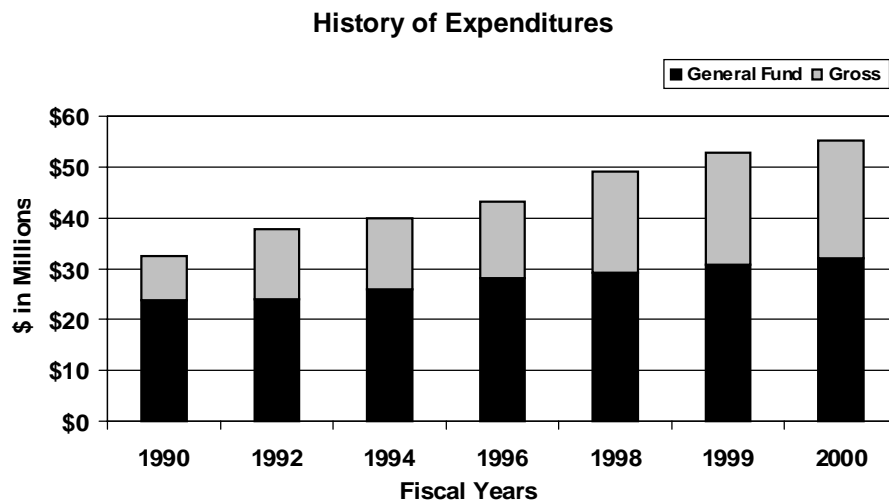
The Attorney General is the constitutionally elected chief law enforcement officer of the state and is head of the Department of Attorney General. As the lawyer for the State of Michigan, the Attorney General renders opinions on matters of law and provides legal counsel for all of state government, including the Legislature. The various legal divisions provide diverse legal services including: consumer protection, civil rights, environmental protection, criminal, international trade, election and special litigation. Further, the Department also advises and has oversight responsibility for the state's prosecuting attorneys. The Attorney General may intervene in any lawsuit, criminal or civil, when it is determined that the interests of the people of the State of Michigan require protection. In an effort to manage escalating caseloads and improve administrative efficiency, the Department has made litigation avoidance and litigation efficiency core considerations of its current case management plan. Quick resolution limits the costs of court cases and minimizes long term costly outcomes.

The fiscal year 2000 Executive Budget recommendation for the Department of Attorney General maintains the delivery of essential legal services for state officers and agencies in matters affecting Michigan citizens.

The budget recommendation for the Attorney General is \$55.1 million total, \$32.1 million in general fund, representing increases of 4.6 percent and 4.3 percent

respectively. The recommended budget provides an increase of \$163,900 to reflect the cost of casino gaming oversight activities, \$163,900 to expand retirement legal services, and \$112,800 in general fund support to meet federal matching requirements for the prosecutors information exchange. A fiscal year 1999 supplemental appropriation of \$2.3

million is recommended to enhance the department's technological ability to communicate with client agencies, courts, opposing counsel, and the citizens of the state.



<b>PROGRAM OUTCOMES</b>	<b>CY 1998</b>	<b>CY 1999</b>	<b>CY 2000</b>
<b>Maintain or Reduce the Amount of Court Judgments or Settlements Paid as a Percentage of Total Settlements Sought by Plaintiffs:</b> <ul style="list-style-type: none"> <li>• Corrections</li> <li>• Mental Health</li> <li>• Public Health</li> <li>• Tort Defense</li> </ul>	<b>Percent Paid to Plaintiffs</b>  0.2%  11.0%  38.0%  35.0%	<b>Projected Percent Paid to Plaintiffs</b>  < 1.0%  < 10.0%  < 40.0%  < 40.0%	<b>Projected Percent Paid to Plaintiffs</b>  < 1.0%  < 10.0%  < 40.0%  < 40.0%
<b>Maintain or Increase Percentage of Child Custody Recommendations Upheld by Court</b> <ul style="list-style-type: none"> <li>• Wayne County Family Court</li> <li>• Michigan Court of Appeals</li> <li>• Michigan Supreme Court</li> </ul>	99.9%  99.3%  100.0%	> 95.0%  >90.0%  >67.0%	>95.0%  >90.0%  >67.0%



# Department of Civil Rights

(Amounts in thousands)

## FUNDING HISTORY \*

	<u>FY90</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$12,110.9	\$12,074.1	\$12,504.8	\$12,989.3
All Funds	\$13,402.9	\$13,555.0	\$14,104.8	\$14,623.3
	% Change -GF/GP		3.6%	3.9%
	% Change - All Funds		4.1%	3.7%

## KEY ISSUES

## GF/GP ALL FUNDS

Economic Adjustments

\$484.5

\$484.5

HUD Grant

\$0.0

\$34.0

Subtotal

\$484.5

\$518.5

\*Adjusted for program transfers

FY2000 Executive Recommendation	\$12,989.3	\$14,623.3
---------------------------------	------------	------------

## Department of Civil Rights

The fiscal year 2000 budget recommendation for the Department of Civil Rights continues the efforts of the department to protect Michigan citizens' civil rights. The Department of Civil Rights works to prevent discrimination through educational programs that promote voluntary compliance with civil rights laws and investigates and resolves discrimination complaints. The department also provides information and services to businesses on diversity initiatives, equal employment law, procurement opportunities and feasibility studies, and joint venture/strategic alliance matchmaking. Funding for the fiscal year 2000 is recommended at \$14.6 million total, of which \$13 million is general fund — an increase of 3.7 percent.

### Looking to the Future

Heading into the next millennium, the Department of Civil Rights will continue to be a customer focused organization seeking solutions and resolutions to civil rights complaints. The department has reengineered its “problem resolution process” to enhance and expedite complaint investigations.

The department maintains continued flexibility in delivering civil rights field operation program services throughout the state. The number of backlog cases has been substantially reduced through streamlined enforcement policies. The Business and Economic Services Team (BEST) focuses on the prevention and elimination of discrimination in the business community. By becoming a liaison with businesses, voluntary compliance has increased. For businesses that fail to comply, the department uses strong and fair enforcement.

PROGRAM OUTCOMES	FY97	FY98	FY99	FY00
Backlog in discrimination complaints will be reduced	4500	2500	1000	100
Reduction in discrimination complaints due to reengineering of filing process	4,875	3,191	3,000	3,000
Increased education and outreach through Civil Rights and handicapper conferences, workshops and seminars	170	152	417	450
Increase in informal resolutions—to begin in 1999	--	--	2,200	2,200

# Department of Civil Service

(Amounts in thousands)

## FUNDING HISTORY \*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$13,479.0		\$19,225.5	\$12,784.7	\$10,797.2
All Funds	\$18,686.6		\$34,126.8	\$27,415.6	\$28,585.5
		% Change -GF/GP		-33.5%	-15.5%
		% Change - All Funds		-19.7%	4.3%

## KEY ISSUES

	<u>GF/GP</u>	<u>ALL FUNDS</u>
Interdepartmental Grants — Act 51 Compliance	\$100.0	\$0.0
Training Increase	\$0.0	\$425.0
Funding Adjustments	(\$2,436.5)	\$0.0
Economic Adjustments	<u>\$349.0</u>	<u>\$744.9</u>
Subtotal	(\$1,987.5)	\$1,169.9

\* Adjusted for program transfers

FY2000 Executive Recommendation	\$10,797.2	\$28,585.5
---------------------------------	------------	------------

# Department of Civil Service

**T**he Department of Civil Service operates the state's personnel resource system. The department provides customized services to state agencies helping them to acquire and manage the workforce needed to accomplish their missions. Civil Service administers examinations to qualify candidates for government jobs, classifies positions and provides personnel services to state departments. To simplify and speed up the hiring process, the department has developed alternatives to written exams for a number of classifications, and continues to move forward with electronic submission and evaluation of applications.

The fiscal year 2000 budget recommendation for the Department of Civil Service continues its mission of attracting and retaining an effective workforce to serve Michigan citizens. Funding for fiscal year 2000 is recommended at \$28.6 million total, \$10.8 million general fund.

The Governor also recommends a \$6.2 million general fund appropriation in fiscal year 1999 for additional resources for the development of the Human Resources Management Network. The Human Resources Management Network will provide an integrated system for delivering payroll, personnel, and employee benefits. This will result in streamlined business processes, better information for customers, reduced operational costs, improved services, and the flexibility to manage the dynamic state workforce of the next millennium.

PROGRAM OUTCOMES	FY97	FY98	FY99	FY00
Percent of qualified workforce appointments:				
in less than 30 days	17.4%	13.0%	15.0%	30.0%
31 to 60 days	40.0%	55.0%	60.0%	60.0%
61 or more days	42.6%	30.0%	25.0%	10.0%
Increase hiring managers satisfaction with quality of candidates	65.0%	75.0%	85.0%	85.0%

# Executive Office

(Amounts in thousands)

## FUNDING HISTORY \*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$3,943.1		\$4,931.8	\$5,100.4	\$5,425.1
All Funds	\$3,943.1		\$4,931.8	\$5,100.4	\$5,425.1
	% Change -GF/GP			3.4%	6.4%
	% Change - All Funds			3.4%	6.4%

## KEY ISSUES

## GF/GP

## ALL FUNDS

Economics/Other Adjustments

\$324.7

324.7

Subtotal

\$324.7

\$324.7

\* Adjusted for program transfers

FY2000 Executive Recommendation	\$5,425.1	\$5,425.1
---------------------------------	-----------	-----------

## Executive Office

**T**he Executive Office is the office of the Governor. The budget provides funding support for immediate staff who assist the Governor in executing his constitutional responsibilities as chief executive of the 8th largest state in the United States. The Executive Budget also includes funding for the Lieutenant Governor's office. The Lieutenant Governor performs gubernatorial functions in the Governor's absence, presides over the Senate, serves on the State Administration Board and represents the Governor at selected local, state and national meetings. The Office of the Governor is located in the State Capitol in Lansing. The fiscal year 2000 Executive Budget recommendation reflects a continuation budget for the Executive Office, with total funding of \$5.4 million.

### Serving the Citizens of the State

The Governor's Constituent Services Office receives, on average, between 500 and 1,000 citizen inquiries or requests a day. The methods used for contacting the Governor vary. About 75,000 people make contact through telephone or send electronic mail, whereas approximately 135,000 citizens contact the Governor through written correspondence each year. The Constituent Services Office strives to respond to all constituent inquiries in a timely manner.

### Improving Services and Accessibility

The Governor recognizes the vital role that citizens play in the decision-making process of state government. Easy access to decision makers is a key component to a well-informed public. There has been great effort put forth by the Executive Office to make state government more accessible. A web site, "Michigan State Government" (<http://www.migov.state.mi.us>) has been established with information on all branches of state government: executive, legislative and judicial. Information can be found such as the status of pending legislation, House and Senate journals and calendars, with links to each legislator, the Executive Office, Office of Lieutenant Governor and other state agencies.

- In a continuing effort by the Governor to eliminate bureaucratic red tape, the Office of Regulatory Reform was created four years ago. The Office has worked with departments and agencies to eliminate over 2,500 obsolete or overly burdensome rules. One of the first initiatives of the Office was to provide citizens with better and easier access to proposed changes in administrative rules, information on the rules process, and the status of new rules.

As a result, the Office created an Internet home page to provide citizens with 24 hour access to information on the rules process. In addition, Michigan was the first state in the nation to make its entire Administrative Code available to the public on one web site (web address: <http://www.migov.state.mi.us/rules/orr>).

- A study by the Progress and Freedom Foundation ranked Michigan 6<sup>th</sup> nationally in its Overall Top 10 category, which ranks states using information technology to streamline government operations and deliver citizen services.

# Legislature

(Amounts in thousands)

## FUNDING HISTORY \*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$85,915.9		\$100,851.5	\$103,378.6	\$112,445.7
All Funds	\$88,187.6		\$104,196.3	\$106,641.3	\$115,708.4
	% Change -GF/GP			2.5%	8.8%
	% Change - All Funds			2.3%	8.5%

## KEY ISSUES

	<u>GF/GP</u>	<u>ALL FUNDS</u>
House of Representatives — New Building Costs	\$5,412.5	\$5,412.5
House of Representatives — Lease for Furnishings	\$837.5	\$837.5
State Officer's Compensation Commission Pay Recommendations	\$441.1	\$441.1
Automated Data Processing Increase	\$326.6	\$326.6
Trial Court Assessment Commission Eliminate Funding	(\$279.9)	(\$279.9)
Legislative Retirement System Health Reserve Fund — Annualization Adjustment	(\$466.7)	(\$466.7)
Eliminate Roosevelt Building Appropriation	(\$564.7)	(\$564.7)
Other Adjustments	\$86.8	\$86.8
Economic Adjustments	<u>\$3,273.9</u>	<u>\$3,273.9</u>
Subtotal	\$9,067.1	\$9,067.1

\* Adjusted for program transfers

FY2000 Executive Recommendation	\$112,445.7	\$115,708.4
---------------------------------	-------------	-------------

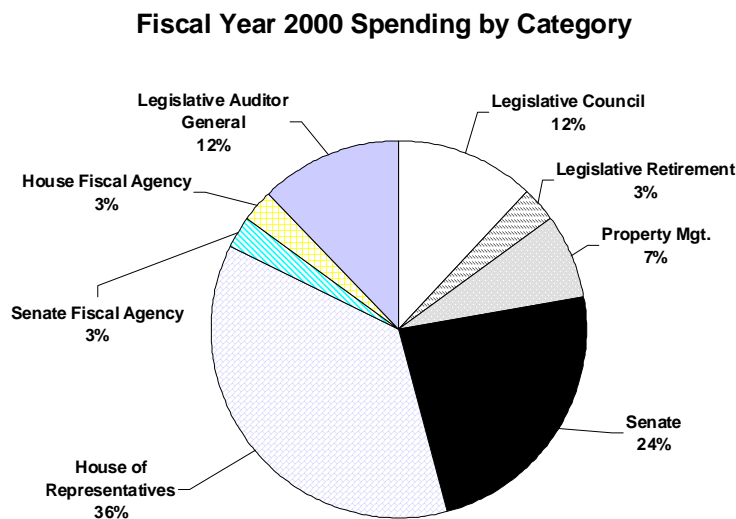


# Legislature

**T**he Michigan Constitution vests the state's law-making power in a two-house Legislature composed of a 38-member Senate and a 110-member House of Representatives. Senators are elected for four-year terms and Representatives are elected for two-year terms by majority vote. The Legislature is a sovereign and independent branch of state government vested with power to enact laws by which the actions of the government and the people are regulated and protected.

The budget for the Legislature funds elected officials and their staff.

The Legislative budget includes funding support for members of the Michigan Senate, Michigan House of Representatives and House and Senate support staff. Funding is also provided for the Senate Fiscal Agency, House Fiscal Agency, Legislative Council, Legislative Service Bureau, House and Senate Clerks, and the Legislative Corrections Ombudsman Office.



The fiscal year 2000 recommended budget for the state Legislature is \$115.7 million, of which \$112.4 million is general fund, representing a 8.5% increase over FY 1999. The budget includes an additional \$5.4 million for the cost of a new House of Representatives office building and \$837,500 for its furnishings, bringing the annualized cost to a total of \$7.5 million.

## Providing a Window to State Government

Citizens can play an important role in the decision-making process of state government. Easy access to decision makers is a key component to a well-informed public. For that reason, there has been great effort put forth to make state government more accessible. A new website has been developed, (<http://michiganlegislature.org>), with valuable information on legislative activities including information on pending legislation, House and Senate Journals and calendars and bill status. Further, there are links to each legislator, the Governor's office and other state agencies.

Originally a part of the distance learning project, Michigan Government Television (MGTV) provides access to state government with CNN style programming. To ensure balance, the programming is equally divided between Executive, Legislative and Judicial branches and is available on most cable stations across the state.

### **Legislative Auditor General**

The recommended fiscal year 2000 budget for the Legislative Auditor General continues funding support for the performance of fiscal and program audits for state departments and agencies. The Legislative Auditor General's portion of the Legislative budget is recommended at \$14.3 million, of which \$12.5 million is general fund. The Auditor General also provides audit reviews for school districts, local road authorities, and the judicial and legislative branches. These audit reports help assure Michigan citizens that state revenues and expenditures are in accordance with the State Constitution, laws, rules and procedures.

# Library of Michigan

(Amounts in thousands)

## FUNDING HISTORY\*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$26,497.9		\$31,372.0	\$32,977.4	\$33,918.5
All Funds	\$30,430.7		\$36,091.7	\$37,249.1	\$38,190.2
	% Change -GF/GP			5.1%	2.9%
	% Change - All Funds			3.2%	2.5%

## KEY ISSUES

## GF/GP

## ALL FUNDS

Library Automation Initiatives

\$341.8

\$341.8

Renaissance Zone Reimbursement Increase

\$128.8

\$128.8

Other Adjustments

\$154.4

\$154.4

Economic Adjustments

\$316.1

\$316.1

Subtotal

\$941.1

\$941.1

\* Adjusted for program transfers

FY2000 Executive Recommendation	\$33,918.5	\$38,190.2
---------------------------------	------------	------------

# Library of Michigan

**T**he Library of Michigan, located in Lansing, is the fourth largest state library in the nation, maintaining a collection of more than three million books, including an even greater number of state and federal government publications. While serving all the citizens of the state, the Library of Michigan also serves as the primary reference source for the Legislature and state agencies. It fulfills over 24,000 questions or requests each year through internal resources or interlibrary loans from other libraries nationwide.

Funding for fiscal year 2000 is recommended at \$38.2 million total, \$33.9 million general fund. The Executive Budget continues full funding for state aid to Michigan libraries. It also reflects a \$28,500 increase for the distribution of reading material to the underprivileged in all 83 Michigan counties, and an \$82,700 increase to offset the rising costs of books, subscriptions, database services, binding and printing services. Further recommendations include \$150,000 for Internet subscriptions for local libraries participating in the Gates Library Foundation Grants Program and \$191,800 for technological improvements.

## Services Available to the Public

- The Library of Michigan offers an outstanding genealogy collection, funded primarily through the Abrams Family Foundation of Lansing. This is one of the top 10 collections of family history research in the United States, and is used by thousands of people annually.
- The Library of Michigan also coordinates library services for the blind and physically handicapped. The state's only Braille library for the general public is located at the Library of Michigan. The Internet can also be used to query their collection of titles.
- The Library of Michigan also operates the State Law Library located in the G. Mennen Williams Building, where the Attorney General's office and the Michigan Supreme Court are located. This library is open to the public.
- Funded and coordinated by the Library of Michigan, the Michigan Electronic Library (MEL) is a compilation of 19,000 carefully selected and reviewed government, educational and nonprofit databases. It is free to anyone with access (<http://mel.lib.mi.us>) to the Internet.
- Citizens across the state now have access to over 1,500 magazines, newspapers, commercial databases, encyclopedias and other on line resources through AccessMichigan (<http://www.accessmichigan.lib.mi.us>), a statewide database access project. This service is limited to Michigan residents. Access is provided through local area libraries and the project is funded through a combination of state and federal dollars.

### Assisting Local Libraries

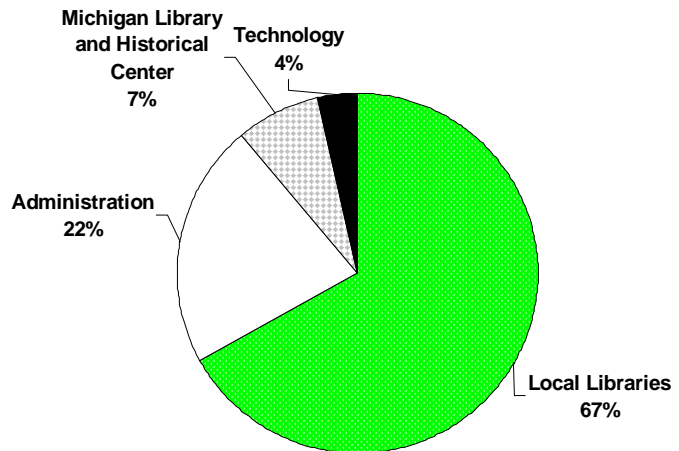
Almost 70 percent of the fiscal year 2000 library budget is allocated to support local library services. The Library of Michigan distributes more than \$21.0 million in state aid to Michigan public and local cooperative libraries. The library also administers a competitive grant program through which more than \$4.1 million in federal funds are distributed to Michigan libraries annually.

The federally funded projects include Access Michigan, new technology for libraries, and improved services for children. Library of Michigan staff also provide a series of workshops to train librarians and library trustees in areas such as grant writing and legal issues.

The Library of Michigan has created 200 Internet centers in small libraries across the state. To maximize their use, support was provided for 15 Internet training centers where librarians, teachers and the general public can learn more about new technology.

The fiscal year 2000 budget recommendation also provides for replacement revenue to local public libraries due to passage of Renaissance Zone legislation, which eliminated the portion of local property taxes that are designated for libraries. Since 1997, Renaissance Zones have created more than 4,550 jobs and provided \$196 million in private investment in 45 geographic areas. A total of \$428,800 is built into the fiscal year 2000 budget recommendation for Renaissance Zone reimbursements to libraries.

**Fiscal Year 2000 Spending by Category**



**67% of  
Library of  
Michigan  
funding  
supports  
local  
libraries.**

# Department of Management and Budget

(Amounts in thousands)

## FUNDING HISTORY \*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$31,963.6		\$42,794.4	\$44,680.0	\$44,809.2
All Funds	\$106,628.7		\$129,372.1	\$133,640.2	\$137,400.8
		% Change -GF/GP		4.4%	0.3%
		% Change - All Funds		3.3%	2.8%

## KEY ISSUES

	<u>GF/GP</u>	<u>ALL FUNDS</u>
Building Occupancy Charges Adjustment	(\$303.3)	\$38.9
Statewide Cost Allocation Plan Adjustment	(\$1,470.0)	\$0.0
Statewide Land Database Development Adjustment	\$550.0	\$550.0
Interdepartmental Grants — Act 51 Compliance	\$340.5	\$0.0
Statewide Program Initiatives	\$150.0	\$315.5
Other Adjustments	(\$49.5)	\$42.8
Economic Adjustments	<u>\$911.5</u>	<u>\$2,813.4</u>
Subtotal	\$129.2	\$3,760.6

\* Adjusted for program transfers

FY2000 Executive Recommendation	\$44,809.2	\$137,400.8
---------------------------------	------------	-------------

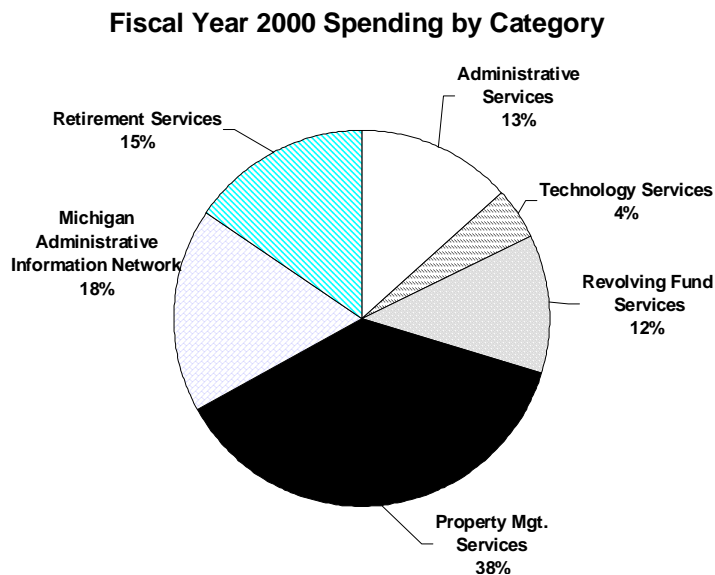
# Department of Management and Budget

The department's budget funds support services for state government.

The Department of Management and Budget was established in 1948 to provide the basic support services required to operate a growing and diverse state government. These services have evolved to meet the changing needs of state agencies.

The director of the Department of Management and Budget supports the business operations of state agencies through a variety of services, including — building management and maintenance, centralized contracting and purchasing programs, space planning and leasing, voice and data communication, centralized information processing, construction management, including planning and design, management of the state motor vehicle fleet and management of the state's retirement system.

Further, within the organizational structure of the department, there are three separate autonomous agencies with unique missions — the State Budget Director, the Office of the State Employer and the Children's Ombudsman.



The total recommended budget is \$137.4 million, of which \$44.8 million is general fund. The fiscal year 2000 Executive recommendation represents a 2.8 percent increase from fiscal year 1999. Included in the budget recommendation is \$550,000 to complete the design and implementation of the Statewide Land Database. The budget also reflects general fund savings associated with fund source shifts related to various departmental chargebacks.

## Office of the State Budget Director

The State Budget Director serves as the Governor's primary advisor on fiscal matters. The Office of the State Budget Director is responsible for coordinating all Executive Budget activities including development of the Executive Budget recommendation, presentation of the budget to the Legislature and implementation of the budget after enactment. The State Budget Director also oversees the state's accounting and payroll functions, the state's financial management system, geographic data mapping and demographic data functions.



### Office of the State Employer

The Office of the State Employer was created by Executive Order 1988-6 to carry out the central labor relation responsibilities for the state-classified work force. The office also administers the employee benefits programs and the new Quality Recognition System, which replaced the Suggestion Awards Program.

### Office of Children's Ombudsman

The Office of Children's Ombudsman was created by Public Act 204 of 1994 as an autonomous entity. The office monitors compliance with relevant statutes, rules and policies pertaining to children's protective services and the placement, supervision, and treatment of children in foster care and adoptive homes.

### Value Added Outcomes

To highlight customer service, quality and teamwork, the Department of Management and Budget developed a new slogan: "Excellence in Service, Partners in Progress". This slogan represents the department's continued commitment to improving efficiency and saving taxpayers dollars. Recent accomplishments include:

- Just-in-Time delivery of office supplies continues to yield savings.
- The Office of Retirement Services successfully transferred all interested applicants from the Defined Benefit Retirement Plan to the Defined Contribution Retirement Plan prior to the deadline outlined in Public Act 487 of 1996.
- Updated equipment for handling the new State of Michigan digital driver licenses significantly reduces the manual labor involved in mailing approximately 8,000 digital drivers licenses per day.
- Development of the Michigan Geographic Framework as the state's geographic information system (GIS) base map will provide a common and standardized infrastructure on which all users can build their geographic applications.
- A state-of-the-art Consolidated Print Center for centralized printing will save state resources through consolidation of staff and equipment and co-location with the state's mail and delivery operations.
- Data Collection and Distribution System, a new human resource data entry system for reporting timekeeping and other data, has been implemented in all but four agencies, with expected statewide completion in March 1999.

---

The State of Michigan was awarded the "1998 Best Practice Award" for its efforts in Year 2000 remediation by PC Week and Technology Managers Forum International.

---

- The state implemented its new “General Conditions for Construction Contracts” after numerous meetings and workshops with representatives of the construction industry. The new document is specifically tailored for the State of Michigan and reflects state law, policies, procedures, and guidelines, and the state’s unique needs as a large owner. It will be less expensive to the state and contractors, which translates into potential savings to the taxpayers of the state.

#### The Year 2000 Challenge for Michigan

The Year 2000 poses a significant challenge for the State of Michigan. While the scope of this challenge is daunting, it is important to remember that this is not just a state or local problem — but truly a global problem.

Since 1996, the state has taken significant steps to assure that state agencies will be Year 2000 operable. With the number one priority of ensuring that state services to the citizens are not disrupted, the state established the Year 2000 Project Office to guide, coordinate and provide oversight for all state Year 2000 activities. The project office developed a plan of action, set timelines, guidelines for measuring progress, methods for attaining our goals and aligned resources to do the work. The state has developed a comprehensive Risk Management Program that identifies risks faced by the state concerning Year 2000 operability.

The project office has put considerable effort in heightening the awareness of the Year 2000 problem among the business community, local governments and other trading partners. It has developed and distributed the “Year 2000 Toolkit for Michigan’s Local Governments and School Districts”. The purpose of the toolkit is to inform local governments and schools about the various aspects of the Year 2000 problem and to provide them with the tools necessary for solving it.

As of December 31, 1998, agencies have put in over 800,000 hours of effort, and as a result, have fixed 90 percent of the 721 mission-critical computer applications in the state.

<b>Program Outcomes</b>	<b>FY 97</b>	<b>FY 98</b>	<b>FY 99</b>	<b>FY 00</b>
Complete fiscal year with a positive balance in accord with Generally Accepted Accounting Principles	Restated in FY 98 in accordance with Generally Accepted Accounting Principles	Accomplished	Will Accomplish	Will Accomplish
<p>Ensure uninterrupted delivery of all state programs by providing core administrative support services.</p> <ul style="list-style-type: none"> <li>• Increase % of vendor/payee registrations processed within 3 days of receipt</li> <li>• Ensure MAIN system is available 99% of the time</li> <li>• Ensure central data center systems and networks are available 99% of the time</li> <li>• Reduce the time for issuance of first retirement check to all retirees</li> </ul>	<p>90%</p> <p>99%</p> <p>99%</p>	<p>94%</p> <p>99.8%</p> <p>99%</p>	<p>95%</p> <p>99%</p> <p>99%</p> <p>Within 60 days</p>	<p>95%</p> <p>99%</p> <p>99%</p> <p>With in 60 days</p>
Ensure that the state's critical computer systems meet Year 2000 conversion requirements		90%	100%	100%

# Department of State

(Amounts in thousands)

## FUNDING HISTORY\*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$15,954.1		\$60,040.8	\$62,482.0	\$58,630.1
All Funds	\$117,337.2		\$163,191.1	\$170,157.9	\$180,056.3
	% Change - GF/GP			4.1%	-6.2%
	% Change - All Funds			4.3%	5.8%

## KEY ISSUES

	<u>GF/GP</u>	<u>ALL FUNDS</u>
Operational Costs — Repeat Offender Legislation	\$1,240.0	\$1,240.0
Document Management System	\$688.0	\$1,600.0
Implementation of Social Security Number Legislation	\$0.0	\$1,712.2
Interdepartmental Grants — Act 51 Compliance	(\$7,962.9)	\$0.0
Elimination of One-Time Grant for Military and Space Museum	(\$71.2)	(\$71.2)
Economic Adjustments	\$2,167.3	\$5,224.0
Other Adjustments	<u>\$86.9</u>	<u>\$193.4</u>
Subtotal	(\$3,851.9)	\$9,898.4

\*Adjusted for program transfers

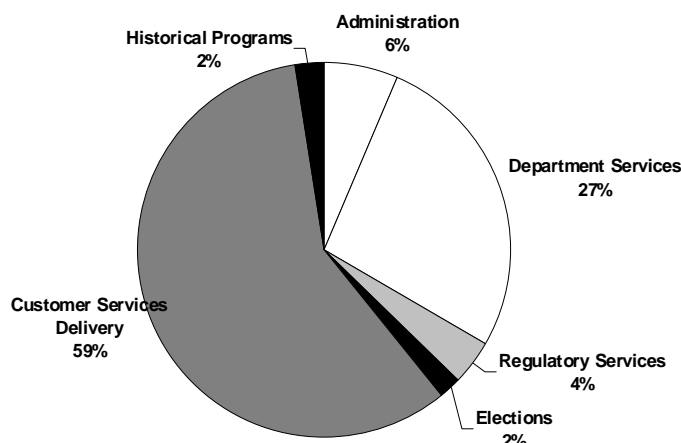
FY2000 Recommendation	\$58,630.1	\$180,056.3
-----------------------	------------	-------------

# Department of State

The fiscal year 2000 Executive Budget recommendation for the Department of State continues to support the department's customer service efforts. The Department of State provides critical services to Michigan's citizens. These services include the licensing of drivers and the registration and titling of

vehicles, the regulation of automobile dealers and repair facilities, the registration of voters and administration of the state's elections, the preservation of Michigan's history, and the streamlined collection of revenue. Funding for fiscal year 2000 is recommended at \$180.1 million total and \$58.6 million general fund.

Fiscal Year 2000 Spending by Category



## Advanced Preparation for Improving Customer Service

The Department of State has recognized that the new millennium will call for greater technological innovations and has planned accordingly. The department has upgraded all computers, migrated to

imaging technology, and re-engineered much of its operations. The department has continually increased the number of options available to the public for conducting business with the Secretary of State. Whether coming to branch offices, or using renewal by mail, touch-tone telephone registration, or Internet registration renewal, the department can accommodate the citizens of Michigan. The fiscal year 2000 recommendation includes \$1.6 million for final phases of the document management system to complete migration to imaging technology.

## Repeat Offender Legislation

The recommendation for the fiscal year 2000 budget includes \$1.2 million in funding for the implementation of recently enacted Repeat Offender legislation. Over \$1.7 million is recommended for fiscal year 1999 for start-up costs associated with this program. Persons with multiple alcohol-related convictions or persons who continually drive under suspended/revoked/denied license status will now face new, stiffer penalties. The legislation includes requirements for vehicle immobilization, plate confiscation, and registration denial. Courts, law enforcement, and the Department of State have new tools to address the problems of driving while under suspended/revoked license status in Michigan. This legislation is the first collective effort to employ vehicle sanctions to address repeated driving violations and reduce the number of fatal and serious injury crashes in Michigan.

Almost  
60% of the  
Department  
of State  
budget is  
spent on  
direct  
customer  
service.

### Social Security Numbers

In order to implement legislation passed in 1998, the fiscal year 2000 recommendation includes \$1.7 million in federal funds for implementation of new federal requirements to collect social security numbers. All drivers license and personal identification card transactions must collect, retain and electronically verify social security numbers through the Social Security Administration. This requirement will aid federal efforts in child support enforcement. Development costs will include computer programming upgrades, forms development, training, maintenance costs and coordination with other state and federal agencies on actual program implementation.

### Qualified Voter File Upgrades

The Qualified Voter File is a statewide voter registration and elections management system. The Qualified Voter File establishes a statewide voter registration list for the first time in Michigan history. All voter registration information is electronically transmitted between the Secretary of State's office and local election officials. With the implementation of the Qualified Voter File, the process of replacing over 1,500 separate electronic and manual voter registration systems and eliminating duplicate or invalid registrations is well under way. The Qualified Voter File has design features that assist local election officials with many of their duties including petition and candidate tracking; an electronic election calendar; and absentee voter processing. The recommendation provides for a fiscal year 1999 supplemental of \$3.7 million that allows for software upgrades, interim maintenance costs, and preparation of the Qualified Voter File for redistricting due to the year 2000 census.

PROGRAM OUTCOMES	FY98	FY99	FY2000
Increase ways customers can conduct business with Secretary of State.			
--Touch tone telephone registration	Implement	Continue	Continue
--Mobile office	Implement	Continue	Continue
--Internet registration	Implement	Continue	Expand options
--Kiosk-based system			Develop
Increase customer access to Michigan history resources.			
--Museum visitors	5% increase	5% increase	5% increase
-- <i>Michigan History Magazine</i> subscribers	3% increase	3% increase	3% increase
--Web Site "hits"	50% increase	10% increase	10% increase
--Workshop participation	30% increase	10% increase	10% increase
Develop and maintain a centralized, electronic file of registered voters.	Complete development and roll-out phases.	Expand use. Implement program enhancements. Cleanse data.	Assist local jurisdictions with Year 2000 elections. Update training.
Determine how to match office location with customer needs.	Explore geographical coding for transactions analysis.	Geographically code all branch office locations.	Expand use of geo-coding.
Reduce number of repeat offenders on Michigan roads by implementing repeat offender legislation.		Initial computer programming by 10/1/99. Provide training to affected agencies.	Finish computer programming by 6/1/2000.

# Department of Treasury

(Amounts in thousands)

## FUNDING HISTORY\*

	<u>FY90</u>		<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
GF/GP	\$100,175.3		\$131,037.4	\$150,919.4	\$163,215.9
All Funds	\$1,317,533.4		\$1,720,017.6	\$1,758,639.2	\$1,829,215.6
	% Change -GF/GP			15.2%	8.1%
	% Change - All Funds			2.2%	4.0%

## KEY ISSUES

	<u>GF/GP</u>	<u>ALL FUNDS</u>
Revenue Sharing Payments	\$0.0	\$47,300.0
Special Census Revenue Sharing Payments	\$1,000.0	\$1,000.0
Tax Technology Investment Plan	\$1,960.3	\$5,000.0
Senior Citizen's Cooperative Housing Tax Exemption Grants	\$900.0	\$900.0
Health Insurance Reserve Fund Payment	\$403.0	\$403.0
County Road Commission Audits	\$0.0	\$310.0
Interdepartmental Grants — Act 51 Compliance	\$6,877.4	\$0.0
Convention Facility Development Grants	\$0.0	\$4,000.0
Casino Gaming Oversight Full-Year Costs	\$0.0	\$3,906.5
Michigan Merit Award Administration	\$0.0	\$2,000.0
Investment Services	\$0.0	\$500.0
Cigarette Stamp Operations	\$0.0	\$325.0
Due Process Notification to Property Owners	\$0.0	\$250.0
Other Adjustments	(\$82.6)	(\$82.6)
Economic Adjustments	<u>\$1,238.4</u>	<u>\$4,764.5</u>
Subtotal	\$12,296.5	\$70,576.4

\*Adjusted for program transfers

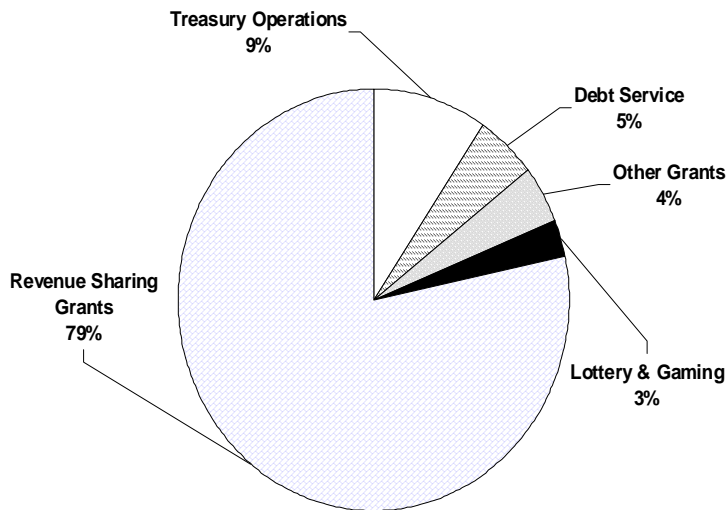
FY2000 Executive Recommendation	\$163,215.9	\$1,829,215.6
---------------------------------	-------------	---------------



# Department of Treasury

The Department of Treasury's major responsibilities include the fair and efficient administration of the state's tax system, investing state funds, safeguarding the credit rating of the state and local governments, forecasting state economic activity and revenue, administering property tax law, auditing county and municipal financial records, administering the state's lottery system and providing oversight of casino gaming operations. The fiscal year 2000 budget recommendation is \$1.8 billion of which \$163.2 million is supported by the general fund.

**Fiscal Year 2000 Spending**



## Revenue Sharing

The fiscal year 1999 budget reflects the first major revision of the revenue sharing formula in nearly 30 years. While the new formula freezes Detroit's share at \$333.9 million a year for 8 and one-half years, other cities, townships and villages may receive increases based on the new statutory formula. The formula divides money based on the size and type of community, tax value and tax yield. Annual increases are capped by 8 percent for each governmental jurisdiction, except for communities that grow more than 10 percent in the 2000 census. For fiscal year 1999, no jurisdiction will receive less than it received in 1998.

Almost 80% of the department's budget is appropriated for revenue sharing to local government.

The fiscal year 2000 budget includes over \$1.4 billion for the state revenue sharing program, an increase of \$47.3 million, or 3.4 percent over fiscal year 1999. The recommended increase exceeds projected inflation of 2 percent. Since 1991, funding for the revenue sharing program has grown 40.4 percent, compared to inflation of 24.5 percent over the same period. In addition, the Governor's recommendation fully funds special census payments for the fastest growing communities.

## Tax Technology Investment Plan

The Governor's commitment to the fair and efficient administration of the state's tax system is demonstrated in his fiscal year 2000 budget recommendation for the Department of Treasury. To better manage a tax system that collects an estimated \$18 billion in revenue and processes \$16 billion in tax expenditures, the recommendation provides \$5.3 million to initiate a Tax Technology Investment Plan in fiscal year 1999 and another \$5.0 million to continue the project in fiscal year 2000. The plan will improve customer services and increase tax collections. The plan is expected to cost \$73 million over a five-year period and will return \$250 million in increased revenue over the same five-year period and will permanently increase annual collections by \$100 million.

### Michigan Merit Award Trust Fund Commission

The recommendation provides \$2 million for the administration of the Michigan Merit Award Trust Fund. The overall goal of the commission is to increase access to post secondary education and reward recent Michigan high school graduates who have demonstrated academic achievement. The commission will award Michigan Merit Award scholarships to students who meet certain academic criteria to pay for tuition and related post secondary educational costs.

### Local Government

Local government services are enhanced through the allocation of \$250,000 to notify property owners of their rights in delinquent land disposition proceedings, and a fiscal year 1999 supplemental of \$6 million is recommended to offset the cost to local governments for administering the 2000 presidential primary.

### Casino Gaming and Lottery

Additional recommended changes include \$3.9 million for the full-year costs to implement the licensing and control of Michigan casino gaming operations. This includes casino gaming support for the Michigan Gaming Board and gaming control responsibilities conducted by the Attorney General and State Police.

### Other Recommendations

The fiscal year 2000 recommendation also includes a \$4 million increase in Convention Facility Development grants, and a \$900,000 increase for Senior Citizen Cooperative Housing Tax Credits.

The recommendation also includes \$325,000 in funding for the enforcement of the state's cigarette stamp program; this activity helps insure the collection and deposit of approximately \$28 million annually in the School Aid Fund. In addition, \$310,000 is recommended to conduct performance audits of county road commissions.

<b>PROGRAM OUTCOMES</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>
All Income Tax Returns received by April 15 will be processed error free by June 1	100%	100%	100%	100%
Maintain Delinquent Tax Revenue Collection Related to Audit and/or Collection Services	\$399 million	\$353 million	\$350 million	\$355 million
Increase School Aid Fund Deposit from Lottery Program	\$587 million	\$616 million	\$602 million	\$610 million

# Other Executive Budget Background Information

---

Fiscal Year 2000 General Fund/General Purpose  
Sources and Uses of Funds  
(in millions)

Beginning Fund Balance, October 1, 1999		\$0.0
REVENUES:		
Estimated Consensus Revenues	\$9,358.8	
Total		\$9,358.8
<u>Plus Anticipated &amp; Enacted Changes:</u>		
Income Tax Exemption Increase, PA 2 of 95	(19.5)	
Income Tax Exemption Increase, PA 81 of 97	(14.0)	
Income Tax Tuition Tax Credit, PA 86 of 97	(19.1)	
Income Tax Sr Citizens Dividend & Interest Excl, PA 230 of 95	(10.7)	
Income Tax Increased Child Deduction, PA 82 of 97	(29.5)	
Income Tax Historical Restoration Cr. & City Income Tax Dec., PA 500 of 97	(5.5)	
Intangibles Tax Reductions, PA 4 of 95	(50.0)	
SBT, Appor/CAD, PA 282 & 283 of 95	(78.8)	
SBT, Increase Small Business Credit, PA 284 of 95	(7.1)	
SBT, Kmart/CAD & Historical Restoration Credit, PA 504 & 534 of 98	(6.3)	
School Aid Pmt Schedule Change Interest Savings, PA 117 of 97	29.5	
Impact of State Cig Tax Stamping, PA 187 of 97	15.4	
Impact of Federal Tax Changes:		
Capital Gains	(18.1)	
IRA	(4.6)	
Estate Tax	(4.4)	
Cigarette Tax	(1.6)	
Real Estate Transfer Tax Church Exemption, PA 246 of 98	(0.7)	
Sales & Use Tax Revise Accelerated Payment Schedule, PA 265 to 267 of 98	(1.8)	
Sales & Use Tax Church Exemption, PA 274 & 275 of 98	(1.0)	
Sales & Use Tax Exemptions for Computer Equipment, PA 490, 491 & 492 of 98	(0.1)	
Personal Property Tax Exemption for Eligible Businesses, PA 328 of 98	(1.4)	
Additional Payment Schedule Changes: Higher Education	6.4	
Revenue Sharing Growth Limitation	37.7	
Impact of Cigarette Price Increase from Tobacco Settlement	(9.7)	
Consensus Rounding Adjustment	(0.1)	
Subtotal	(195.0)	
<u>Other Adjustments:</u>		
Impact of Proposed Income Tax Rate Reduction	(126.0)	
Repeal of Tuition Tax Credit	34.0	
Subtotal	(92.0)	
Total Adjustments		(287.0)
<b>Total Sources of Funds</b>		<b>\$9,071.8</b>
EXPENDITURES:		
FY2000 Executive Recommendation	\$9,071.6	
<b>Total Uses of Funds</b>		<b>9,071.6</b>
<b>Ending Fund Balance, September 30, 2000</b>		<b><u>\$0.2</u></b>

Fiscal Year 2000 All Funds  
Sources and Uses of Funds  
*(in millions)*

Beginning Fund Balance, October 1, 1999		\$382.3
Change in Special Purpose Reserves and Non-Revenue Sources		578.9
REVENUES:		
FY99 Estimate	\$33,298.5	
	Total	\$33,298.5
Plus Anticipated & Enacted Changes:		
Income Tax Exemption Increase, PA 2 of 95	(25.3)	
Income Tax Exemption Increase, PA 81 of 97	(18.1)	
Income Tax Tuition Tax Credit, PA 86 of 97	(19.1)	
Income Tax Sr Citizens Dividend & Interest Excl, PA 230 of 95	(13.9)	
Income Tax Increased Child Deduction, PA 82 of 97	(29.5)	
Income Tax Historical Restoration Cr. & City Income Tax Dec., PA 500 & 535 of 9	(7.1)	
Intangibles Tax Reductions, PA 4 of 95	(50.0)	
SBT, Appor/CAD, PA 282 & 283 of 95	(78.8)	
SBT, Increase Small Business Credit, PA 284 of 95	(7.1)	
SBT, Kmart/CAD & Historical Restoration Credit, PA 504 & 534 of 98	(6.3)	
School Aid Pmt Schedule Change Interest Savings, PA 117 of 97	29.5	
Impact of State Cig Tax Stamping, PA 187 of 97	54.1	
Impact of Federal Tax Reform Package:		
Capital Gains	(23.5)	
IRA	(6.0)	
Estate Tax	(4.4)	
Cigarette Tax	(5.5)	
State Education Tax, Corrected Tax Bill for Exempt New Construction, PA 280 of 9	(0.2)	
Revised Personal Property Tax Tables	(26.9)	
Real Estate Transfer Tax Church Exemption, PA 246 of 98	(0.7)	
Sales & Use Tax Revise Accelerated Payment Schedule, PA 265 to 267 of 98	(1.8)	
Sales & Use Tax Church Exemption, PA 274 & 275 of 98	(2.8)	
Sales & Use Tax Exemptions for Computer Equipment, PA 490, 491 & 453 of 98	(3.1)	
Personal Property Tax Exemption for Eligible Businesses, PA 328 of 98	(1.4)	
Tax Increment Finance Act Definition of Protected Obligations, PA 499 of 98	(0.3)	
Additional Payment Schedule Changes: Higher Education	6.4	
Revenue Sharing Growth Limitation	37.7	
Impact of Cigarette Price Increase from Tobacco Settlement	(25.3)	
	Subtotal	(\$229.4)
Other Adjustments:		
Impact of Proposed Income Tax Rate Reduction	(126.0)	
Repeal of Tuition Tax Credit	34.0	
	Subtotal	(\$92.0)
Total Adjustments		(\$321.4)
NET TOTAL REVENUES		<b>\$32,977.1</b>
		-----
<b>Total Sources of Funds</b>		<b>\$33,938.3</b>
EXPENDITURES:		
Total FY2000 Executive Recommendation, all funds	34,042.3	
Less: interdepartmental grants and transfers	(1,505.0)	
<b>Total Uses of Funds</b>		<b>\$32,537.3</b>
		-----
	Subtotal	<b>\$1,401.0</b>
Estimated Fund Balance Reserves		(1,139.6)
<b>Ending Balance, September 30, 2000</b>		<b><u>\$261.4</u></b>

## Historical Expenditures/Appropriations GF/GP

DEPARTMENTS	FY 90 Expend.	FY 91 Expend.	FY 92 Expend.	FY 93 Expend.	FY 94 Expend.	FY 95 Expend.	FY 96 Expend.	FY 97 Expend.	FY 98 Approp.	FY 99 Approp.	FY 2000 Rec.
Agriculture	30,798,600	29,089,750	26,043,571	25,200,069	26,023,343	41,507,294	43,441,799	36,977,547	34,636,200	39,000,000	40,883,900
Attorney General	23,557,000	22,272,296	23,715,728	24,645,982	25,731,152	26,911,995	28,146,412	28,728,101	29,271,500	30,754,400	32,078,800
Capital Outlay	183,663,345	187,937,919	155,374,616	159,576,448	203,890,424	185,627,808	190,278,423	204,098,457	316,691,000	247,961,900	277,311,131
Civil Rights	10,890,200	10,272,486	10,214,935	11,038,369	10,600,820	12,712,217	11,992,187	11,750,247	12,074,100	12,504,800	12,989,300
Civil Service	13,528,000	13,937,855	10,996,513	11,749,312	10,813,028	10,621,489	12,852,378	12,611,237	19,225,500	12,784,700	10,797,200
Commerce	110,206,516	89,144,643	62,194,902	60,530,700	55,089,586	56,613,455	29,106,436				
Community Health								2,489,426,814	2,475,047,600	2,541,252,600	2,549,245,000
Consumer and Industry Services								63,702,550	74,325,300	71,500,000	77,357,500
Corrections	732,154,600	784,623,528	870,517,968	974,383,562	1,052,962,753	1,176,825,208	1,260,365,194	1,277,460,254	1,330,269,400	1,368,557,100	1,486,579,000
Education	50,766,970	50,159,451	32,826,318	43,697,518	36,107,369	38,783,018	47,483,089	45,073,591	43,737,000	44,393,800	37,867,000
Environmental Quality								54,796,726	85,073,400	92,501,300	96,096,400
Executive Office	3,943,100	3,631,128	4,154,796	4,328,918	4,286,138	4,432,808	4,835,017	4,741,680	4,931,800	5,100,400	5,425,100
Family Independence Agency								1,116,206,920	1,047,853,500	1,042,300,000	1,058,784,500
Higher Education											
Community Colleges	212,490,500	189,638,936	241,593,632	240,000,000	240,000,000	247,800,000	253,009,787	262,186,716	274,977,600	282,000,000	292,962,019
Universities	1,104,595,800	1,074,867,484	1,201,026,227	1,209,395,180	1,213,462,406	1,249,351,445	1,305,973,643	1,376,679,493	1,442,961,820	1,482,670,218	1,542,847,431
Grants/Financial Aid	88,922,900	92,832,428	96,002,733	102,401,810	103,130,809	105,531,939	104,117,920	114,776,370	113,469,971	117,829,782	120,581,777
Judiciary	111,835,200	108,010,363	114,591,806	120,322,652	123,161,004	127,670,370	134,920,282	141,946,079	150,954,900	151,343,500	160,491,200
Labor	75,660,885	52,434,798	34,264,409	30,842,500	29,404,187	29,935,652	26,278,836				
Legislature	74,401,000	72,962,102	81,283,852	82,201,731	85,129,779	83,429,886	87,443,092	87,449,913	89,579,800	91,395,200	99,944,700
Legislative Auditor General	8,655,100	8,471,200	8,710,700	8,830,224	10,130,116	10,496,901	10,915,285	10,749,956	10,991,800	11,983,400	12,501,000
Library of Michigan	26,497,900	23,904,895	24,480,294	24,751,231	25,647,977	27,222,584	26,817,219	27,530,263	31,372,000	32,977,400	33,918,500
Licensing and Regulation	11,134,881	11,849,800									
Management and Budget	50,549,100	51,951,631	28,874,226	32,310,561	29,384,442	32,530,866	51,872,600	55,682,772	43,284,000	44,680,000	44,809,200
Aging	23,474,900	21,080,813	17,755,839	17,933,831	20,043,155	22,962,734	23,350,103	24,782,646			
Mental Health	905,751,589	934,325,306	849,167,049	911,051,398	967,232,805	666,682,724	1,074,733,387				
Michigan Biologic Products								16,030			
Michigan Jobs Commission				1,032,715	14,606,768	33,697,834	81,620,151	99,573,779	113,366,200	108,519,800	
Career Development											15,144,900
Michigan Strategic Fund Agency											64,907,200
Military and Veterans Affairs	12,269,754	14,689,670	26,544,986	31,050,576	32,832,674	34,151,401	34,763,836	38,616,432	35,153,500	36,524,000	37,252,200
Natural Resources	135,121,951	104,667,569	97,337,677	93,105,133	103,914,404	188,233,744	52,633,781	48,809,945	47,882,700	49,650,000	50,995,000
Public Health	147,716,800	145,770,346	133,453,356	138,948,296	152,185,326	180,077,681	181,656,107				
School Aid	749,134,100	967,052,014	849,491,226	1,086,223,027	709,557,837	664,914,900	596,352,000	277,947,800	377,935,400	420,613,500	420,613,500
Social Services	2,603,816,358	2,378,115,326	2,086,078,906	2,052,204,164	2,103,824,477	2,163,749,837	2,373,218,724				
State	15,954,100	16,677,092	16,550,181	13,646,700	15,093,600	17,375,557	17,554,682	21,679,651	60,040,800	62,482,000	58,630,100
State Police	185,279,819	187,846,345	201,315,020	204,068,831	210,130,058	228,661,359	246,496,416	265,080,734	251,128,700	258,373,000	267,386,600
Transportation	0	0	0	0	0	0	0	0	0	0	0
Treasury	51,678,000	53,504,720	50,171,257	52,106,999	64,313,215	41,993,914	71,336,726	57,509,123	26,094,800	57,501,900	69,798,400
Debt Service	48,824,200	73,446,930	51,217,172	55,145,651	40,689,662	128,023,922	141,845,223	163,367,000	104,942,600	93,417,500	93,417,500
<b>TOTALS</b>	<b>7,803,273,168</b>	<b>7,775,168,824</b>	<b>7,405,949,895</b>	<b>7,822,724,088</b>	<b>7,719,379,314</b>	<b>7,838,530,542</b>	<b>8,569,213,695</b>	<b>8,419,958,828</b>	<b>8,647,272,891</b>	<b>8,810,572,200</b>	<b>9,071,616,058</b>

## Historical Expenditures/Appropriations

### Gross

DEPARTMENTS	FY 90 Expend.	FY 91 Expend.	FY 92 Expend.	FY 93 Expend.	FY 94 Expend.	FY 95 Expend.	FY 96 Expend.	FY 97 Expend.	FY 98 Approp.	FY99 Approp.	FY2000 Rec.
Agriculture	62,299,100	55,989,528	51,615,138	50,434,234	52,444,537	55,780,064	59,884,019	66,273,858	73,356,100	79,150,700	86,327,100
Attorney General	32,471,300	35,327,938	37,695,943	39,224,010	39,990,347	40,839,771	43,028,553	44,416,606	49,099,000	52,683,500	55,132,300
Capital Outlay	296,626,026	267,092,400	300,633,622	270,544,453	308,438,632	290,636,661	499,571,713	245,772,178	477,995,100	404,498,000	416,022,381
Civil Rights	12,182,200	11,941,297	11,985,262	12,494,268	12,382,479	14,315,499	13,457,887	13,232,623	13,555,000	14,104,800	14,623,300
Civil Service	23,925,900	24,298,767	24,124,913	27,637,177	27,027,675	27,954,843	30,354,661	25,283,585	34,126,800	27,415,600	28,585,500
Commerce	287,841,500	312,810,800	289,294,945	295,290,505	349,109,486	295,836,299	193,144,304				
Community Health								6,982,832,645	7,250,844,300	7,483,537,800	7868269400
Consumer and Industry Services								456,397,250	368,266,400	467,564,300	493,533,500
Corrections	757,370,200	806,803,557	896,870,029	1,004,807,757	1,081,670,049	1,206,246,823	1,296,847,339	1,318,192,287	1,389,758,800	1,441,935,000	1,566,641,700
Education	540,615,905	602,908,408	665,712,237	724,539,674	675,631,914	681,479,871	697,957,806	713,011,559	835,342,000	869,926,700	983,215,900
Environmental Quality							307,805,328	193,902,247	403,804,700	400,787,900	396,546,000
Executive Office	3,943,100	3,631,128	4,154,796	4,328,918	4,286,138	4,432,808	4,835,017	4,741,680	4,931,800	5,100,400	5,425,100
Family Independence Agency								3,495,213,116	2,959,327,800	2,915,088,400	3,508,819,500
Higher Education											
Community Colleges	212,490,500	189,638,936	241,593,632	240,000,000	240,000,000	247,800,000	253,009,787	262,186,716	274,977,600	282,000,000	292,962,019
Universities	1,104,595,800	1,074,867,484	1,201,026,300	1,209,395,180	1,213,462,406	1,249,351,445	1,306,128,643	1,376,679,493	1,442,961,820	1,482,670,218	1,542,847,431
Grants/Financial Aid	92,578,000	96,201,275	99,650,338	106,279,356	106,700,621	109,756,123	107,828,974	117,178,238	118,569,971	121,429,782	129,431,777
Judiciary	153,347,000	152,350,760	163,673,611	172,557,720	195,977,612	199,097,762	210,601,105	187,104,924	211,733,000	215,432,400	226,140,800
Labor	441,332,180	417,902,689	429,019,721	334,313,649	232,709,576	232,528,985	274,987,397				
Legislature	75,442,800	74,163,022	83,126,023	83,896,838	86,302,513	85,242,099	88,075,902	88,025,315	91,021,600	92,837,000	101,386,500
Legislative Auditor General	9,885,000	9,928,300	10,228,400	10,662,617	11,930,295	12,590,516	12,926,954	13,056,351	12,894,800	13,804,300	14,321,900
Library of Michigan	30,430,700	30,790,339	28,775,437	28,582,023	30,706,838	32,107,952	31,970,662	32,763,616	35,643,700	37,249,100	38,190,200
Licensing and Regulation	26,165,400	26,465,000									
Management and Budget	1,223,690,700	1,250,529,695	1,181,246,023	210,778,161	104,175,677	109,262,119	137,469,710	143,070,649	143,268,100	133,640,200	137,400,800
Aging	60,439,300	61,730,880	58,834,831	60,388,431	63,499,462	88,180,585	94,050,068	102,735,110			
Mental Health	1,246,380,384	1,320,128,986	1,304,143,665	1,382,593,420	1,459,038,492	1,522,731,485	1,881,660,627				
Michigan Biologic Products								16,101,428	18,000,000		
Michigan Jobs Commission				87,705,389	235,983,401	280,760,026	316,369,029	333,585,533	602,464,000	565,033,400	
Career Development											434,910,400
Michigan Strategic Fund Agency											131,917,100
Military and Veterans Affairs	23,209,180	26,225,756	59,074,002	62,712,137	68,443,597	72,015,536	77,744,603	83,372,837	83,309,700	85,810,700	91,673,700
Natural Resources	288,713,572	246,756,581	333,216,315	383,740,573	435,286,252	515,571,467	171,756,943	198,582,936	217,918,900	228,001,500	239,576,300
Public Health	412,057,300	443,394,713	431,451,204	474,799,000	524,217,467	601,029,072	607,898,745				
School Aid	2,992,824,943	3,199,053,338	3,137,763,749	3,483,755,480	4,431,029,987	7,975,666,620	8,928,001,053	8,894,322,580	9,403,340,400	9,615,075,400	10,055,102,500
Social Services	5,097,495,615	5,796,196,684	5,809,437,907	6,522,764,560	7,099,482,216	7,132,053,217	8,212,306,769				
State	117,337,200	120,548,314	126,066,628	125,939,821	129,930,177	140,320,887	146,427,648	150,798,841	163,191,100	170,157,900	180,056,300
State Police	229,652,392	234,417,217	253,322,612	258,638,227	273,300,747	291,179,449	320,805,032	350,427,467	337,748,000	351,453,700	363,263,200
Transportation	2,256,650,400	2,201,333,700	2,270,002,624	2,417,624,941	2,243,683,593	2,395,134,800	2,194,045,559	2,818,192,757	2,425,480,200	2,779,794,600	2,810,730,900
Treasury	160,742,400	220,056,213	1,152,163,653	2,234,266,528	2,395,018,854	1,857,817,145	1,987,113,970	2,049,931,726	1,614,125,000	1,664,521,700	1,735,098,100
Debt Service	48,824,200	73,446,930	51,217,172	55,145,651	40,689,662	128,023,922	142,278,755	164,065,122	105,642,600	94,117,500	94,117,500
<b>TOTALS</b>	<b>18,321,560,197</b>	<b>19,386,930,635</b>	<b>20,707,120,732</b>	<b>22,375,840,698</b>	<b>24,172,550,702</b>	<b>27,895,743,851</b>	<b>30,650,344,563</b>	<b>30,941,451,275</b>	<b>31,162,698,291</b>	<b>32,094,822,500</b>	<b>34,042,269,108</b>

# Economic Outlook

## 1998 U.S. Economic Review

In 1998, the U.S. economy continued to grow above long-term historic rates marking the third consecutive year in which real Gross Domestic Product (GDP) grew faster than 3.0 percent. Despite fears that recent Asian economic and financial crises would depress U.S. economic growth, consumption grew an estimated 4.8 percent, exceeding the 3.4 percent growth rate of 1997. Real business fixed investment was also strong, rising an estimated 11.5 percent during 1998. All of the economic forecasts are for calendar years.

In response to instability in international financial markets and low inflation, the Federal Reserve lowered the federal funds rate 0.75 of a percentage point in the last quarter of 1998 to 4.75 percent. This action helped stabilize financial markets and provided impetus for further economic growth.

Light vehicle sales (cars and light trucks) rose to 15.6 million units in 1998, a 3.9 percent increase over the prior year. Estimated housing starts rose to 1.6 million units, a 9.6 percent increase. Inflation as measured by the Consumer Price Index (CPI) was only 1.6 percent in calendar year 1998, compared to 2.3 percent in 1997.

## 1998 Michigan Economic Review

The Michigan economy continued its solid performance in 1998 with wage and salary employment increasing 1.9 percent to a record 4.5 million jobs. For the fifth year in a row, Michigan's unemployment rate was below the national average. The preliminary 3.8 percent unemployment rate for 1998 is the lowest Michigan annual unemployment rate since 1966. The Detroit CPI increased 2.2 percent in calendar year 1998. Michigan personal income grew an estimated 5.1 percent in 1998, up slightly from the 4.6 percent increase for 1997.

## 1999 and 2000 U.S. Economic Outlook

U.S. economic growth is projected to slow substantially from its strong 1998 pace with real GDP forecast to grow 2.0 percent in 1999 and 1.9 percent in 2000. Consumption and investment growth will both slow considerably. At the same time net exports are expected to continue their decline. Light vehicle sales will decline to a still strong 15.0 million units in 1999 and 14.9 million units in 2000. Similarly, housing starts will fall to a still healthy 1.5 million units in 1999 and 2000. It is anticipated that the Federal Reserve will lower the federal funds rate to 4.25 percent by mid-1999. Ninety-day Treasury bills are forecast to average 4.2 percent in 1999 and 4.0 percent in 2000.



### 1999 and 2000 Michigan Economic Outlook

In 1999, Michigan employment is expected to grow by 72,000 jobs (1.6 percent) with personal income increasing 3.8 percent. The inflation rate, as measured by the Detroit CPI, will fall to 1.7 percent in calendar year 1999 and real (inflation adjusted) personal income will rise 2.1 percent.

In 2000, employment is forecast to increase by 53,000 jobs (1.1 percent). This would make 2000 the seventh straight year in which Michigan's unemployment rate will be below the national average. Nominal personal income growth is forecast at 3.6 percent. The Detroit CPI is forecast to increase by 2.1 percent in calendar year 2000, with real personal income rising 1.4 percent.

### Forecast Risks

There are risks that the baseline economic forecast will not be attained. Tight labor markets could lead to increased wage pressure with little ability to recover higher costs through price increases. Without further productivity gains, this could lead to reductions in profits and business investment. Many major world economies remain weak and face continued financial problems. Weakness in international markets makes it more difficult for domestic firms to expand sales, and increases the likelihood that foreign competitors will be able to offer lower prices because of currency devaluations. Finally, the consumer savings rate has recently fallen nearly to or below zero and consumer debt levels remain high. This makes further expansion of consumer spending more difficult to attain.

# Consensus Economic Forecast

January 1999

	Calendar 1998 Estimated	Percent Change from Prior Year	Calendar 1999 Forecast	Percent Change from Prior Year	Calendar 2000 Forecast	Percent Change from Prior Year
--	-------------------------------	---	------------------------------	---	------------------------------	---

## United States

Real Gross Domestic Product (Billions of Chained 1992 Dollars)	7,549.9	3.9%	7,700.9	2.0%	7,850.3	1.9%
Implicit Price Deflator GDP (1992 = 100)	112.7	1.0%	113.8	1.0%	115.4	1.4%
Consumer Price Index (1982-84 = 100)	163.0	1.6%	165.4	1.5%	168.6	1.9%
3-month Treasury Bills Interest Rate (Percent)	4.8		4.2		4.0	
Aaa Corporate Bonds Interest Rate (Percent)	6.5		6.4		6.1	
Unemployment Rate -- Civilian (Percent)	4.5		4.8		5.1	
Light Vehicle Sales (Millions of Units)	15.6	3.9%	15.0	-3.4%	14.9	-0.7%
Passenger Car Sales (Millions of Units)	8.2	0.2%	7.8	-4.9%	7.7	-1.1%
Light Truck Sales (Millions of Units)	7.3	8.5%	7.2	-1.7%	7.2	-0.1%
Import Share of Light Vehicles (Percent)	13.2		13.0		13.0	

## Michigan

Wage & Salary Employment (Thousands)	4,531	1.9%	4,603	1.6%	4,656	1.1%
Unemployment Rate (Percent)	3.8		3.8		4.2	
Personal Income (Millions of Dollars)	256,839	5.1%	266,650	3.8%	276,143	3.6%
Real Personal Income (Millions of 1982-84 Dollars)	160,725	2.8%	164,059	2.1%	166,438	1.4%
Wages & Salaries (Millions of Dollars)	158,197	6.5%	165,379	4.5%	172,242	4.2%
Detroit Consumer Price Index (1982-84 = 100)	159.8	2.2%	162.5	1.7%	165.9	2.1%

Office of Revenue & Tax Analysis  
Michigan Department of Treasury

# Revenue Review

## **Fiscal Year 1998 Revenue**

Michigan experienced strong revenue growth in 1998 as a direct result of strong economic growth. Preliminary fiscal year revenues for general fund - general purpose (GF-GP) revenue increased 4.7 percent to \$8,764.4 million and School Aid Fund (SAF) revenue grew 5.7 percent to \$8,796.4 million. The combined total GF-GP and SAF revenue grew 5.2 percent to \$17,560.8 million. The figures in the Executive Budget reflect all tax cuts and book closing adjustments.

## **Fiscal Year 1999 and Fiscal Year 2000 Consensus Revenue Conference**

Once again, the Administration, House Fiscal Agency and Senate Fiscal Agency reached a consensus on projected revenues. The January 1999 revenue estimating conference addressed revenues for fiscal years 1999 and 2000. Agreement was reached on both baseline revenue forecasts and the impact of tax cuts. The revenue estimates will be reviewed again in May before the final budget bills are passed by the Legislature and sent to the Governor.

For fiscal year 1999, baseline GF-GP revenue was projected to reach \$9,068.1 million, an increase of 3.7 percent. Baseline SAF revenues was projected to reach \$9,063.5 million, an increase of 3.0 percent. The combined total is \$18,131.6 million, an increase of 3.4 percent. The Executive Budget presents baseline revenue estimates, balance sheet adjustments and tax cuts separately. After all adjustments, the combined increase for fiscal year 1999 is 2.8 percent.

The fiscal year 2000 consensus forecast projects baseline GF-GP revenues of \$9,358.8, an increase of 3.2 percent, and baseline SAF revenues of \$9,337.5 million, an increase of 3.0 percent. The combined total is \$18,696.3 million, an increase of 3.1 percent. After tax cuts and other balance sheet adjustments are subtracted from baseline revenues, the combined increase is 2.7 percent.

These figures reflect a moderate economic growth forecast for 1999 and 2000 resulting in a moderate growth in revenue.

## **Overall FY 2000 Revenue**

Total revenue for all funds is estimated to be \$33.5 billion. Page M-2 presents a summary of revenues by fund. The Detailed Statement of General and Special Revenue Funds presents information for fiscal years 1997 through 2000.

**Projected Revenues**  
**FY 1999 - 2000**  
(millions)

	<u><b>FY 1999 - 2000</b></u>
<b>General Fund - General Purpose</b>	
Consensus Estimate and School Bond Loan Fund	\$ 9,258.8
 <b>School Aid Fund</b>	
Consensus Estimate	9,303.1
Transfers and Federal Aid	<u>572.6</u>
Total SAF Revenue	9,875.7
 <b>Transportation Funds</b>	3,763.7
 <b>General Fund - Special Purpose</b>	10,998.2
 <b>Special Revenue Funds</b>	<u>492.2</u>
 <b>Sub-Total All Funds</b>	34,388.6
 <b>Other Revenue Sources</b>	<u>627.8</u>
 <b>Gross Total All Resources</b>	35,016.4
 Less Interfund Transfers	<u><u>(1,557.6)</u></u>
 <b>Net Total All Resources</b>	\$ 33,458.8

Office of Revenue and Tax Analysis  
Michigan Department of Treasury  
January 1999

## DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 1996 - 1997	PRELIMINARY FY 1997 - 1998	ESTIMATES FY 1998 - 1999	ESTIMATES FY 1999 - 2000
02/01/99				
<b>GENERAL FUND - GENERAL PURPOSE REVENUE</b>				
<b>TAXES</b>				
Individual Income <sup>(1)</sup>	5,277,487,606	5,687,000,000	5,950,800,000	6,157,900,000
Less: Refunds	(991,182,101)	(1,082,432,690)	(1,125,600,000)	(1,170,000,000)
Net Individual Income	4,286,305,505	4,604,567,309	4,825,200,000	4,987,900,000
Single Business	2,224,171,362	2,322,515,283	2,395,000,000	2,480,000,000
Sales <sup>(2)</sup>	80,191,028	93,906,708	95,500,000	97,700,000
Use	720,421,408	767,716,036	791,700,000	821,700,000
Insurance Company Premium Retaliatory	182,344,308	188,592,990	197,000,000	202,000,000
Cigarette Excise <sup>(3)</sup>	135,196,975	139,818,505	137,600,000	135,400,000
Telephone and Telegraph Company	145,805,487	151,963,575	155,000,000	158,000,000
Penalties and Interest	138,341,264	122,938,515	110,300,000	113,300,000
Intangibles <sup>(6)</sup>	76,157,852	45,003,983	45,000,000	50,000,000
Estate / Inheritance	79,469,956	110,381,359	118,000,000	116,000,000
Beer and Wine Excise	48,307,001	50,306,291	49,000,000	49,000,000
Oil and Gas Severance	41,151,032	30,123,619	32,000,000	33,000,000
Liquor Specific <sup>(4)</sup>	23,027,593	24,606,586	24,000,000	24,000,000
Railroad / Car Loaning	4,067,412	5,866,888	4,700,000	4,700,000
Enhanced Enforcement and ACS <sup>(5)</sup>	(62,117,491)	(72,052,169)	(73,000,000)	(75,000,000)
<b>TOTAL GF - GP TAXES</b>	<b>8,122,840,692</b>	<b>8,586,255,478</b>	<b>8,907,000,000</b>	<b>9,197,700,000</b>

<sup>(1)</sup> See also Special Purpose Revenue.<sup>(2)</sup> See Special Purpose Revenue, School Aid Fund, and Comprehensive Transportation Fund.<sup>(3)</sup> See also Special Purpose Revenue and School Aid Fund.<sup>(4)</sup> See also School Aid Fund.<sup>(5)</sup> Restricted revenues supporting Treasury collection activities are shown here as negatives.<sup>(6)</sup> Baseline revenue before phase-out.

The taxes are shown at the level generated by economics and normal refunds.

Prepared by: Office of Revenue and Tax Analysis, Michigan Department of Treasury

## DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 1996 - 1997	PRELIMINARY FY 1997 - 1998	ESTIMATES FY 1998 - 1999	ESTIMATES FY 1999 - 2000
02/01/99				
<b>GENERAL FUND - GENERAL PURPOSE REVENUE</b>				
NON-TAX REVENUE				
Federal Aid	59,927,190	44,368,183	40,000,000	40,000,000
Local Agencies	1,031,644	922,545	1,000,000	1,000,000
Services	3,906,107	8,434,182	9,000,000	9,000,000
Licenses & Permits	23,476,590	24,040,712	24,000,000	24,000,000
Miscellaneous	65,650,158	56,765,468	55,000,000	55,000,000
Interest and Investment Profits	(99,814,764)	(53,008,972)	(87,400,000)	(87,400,000)
TOTAL GF - GP NON-TAX REVENUE	54,176,924	81,522,118	41,600,000	41,600,000
TRANSFERS FROM OUTSIDE GF & SR FUNDS				
Other Interfund Transfers Received (School Bond Loan)	53,958,508	67,721,914	79,388,473	95,000,000
Liquor Purchase Revolving Fund	91,126,029	96,707,428	87,500,000	87,500,000
Transfers From Lottery Charitable Gaming and Other Funds	7,374,895	7,025,865	7,000,000	7,000,000
Unclaimed and Abandoned Property	40,866,605	38,975,797	25,000,000	25,000,000
TOTAL GF - GP TRANSFERS	193,326,037	210,431,003	198,888,473	214,500,000
<b>General Fund - General Purpose Summary</b>				
GF - GP Tax Revenue	8,122,840,692	8,586,255,478	8,907,000,000	9,197,700,000
GF - GP Non-Tax Revenue	54,176,924	81,522,118	41,600,000	41,600,000
GF - GP Transfers	193,326,037	210,431,003	198,888,473	214,500,000
<b>TOTAL GENERAL FUND-GENERAL PURPOSE</b>	8,370,343,653	8,878,208,599	9,147,488,473	9,453,800,000
LESS: Tax Cuts and Other Adjustments	6,600,000	(46,100,000)	(137,300,000)	(195,000,000)
TOTAL GENERAL FUND-GENERAL PURPOSE before Interfund Transfers	8,376,943,653	8,832,108,599	9,010,188,473	9,258,800,000
LESS: Interfund Transfers	(53,958,508)	(67,721,914)	(79,388,473)	(95,000,000)
<b>NET TOTAL GENERAL FUND-GENERAL PURPOSE</b>	8,322,985,145	8,764,386,685	8,930,800,000	9,163,800,000
Excluding inter-fund transfers to GF-GP				

# DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 1996 - 1997	PRELIMINARY FY 1997 - 1998	ESTIMATES FY 1998 - 1999	ESTIMATES FY 1999 - 2000
02/01/99				
<b>GENERAL FUND-SPECIAL PURPOSE REVENUE</b>				
<b>TAXES</b>				
Airport Parking	12,747,421	14,269,410	14,600,000	14,700,000
Cigarette - Health & Safety Fund & Local Health Depts.	28,329,173	29,290,123	28,800,000	28,400,000
Cigarette - Healthy Michigan	31,984,673	33,962,826	33,400,000	32,900,000
Horse Race Wagering	11,620,135	12,708,836	11,556,783	9,822,783
Campaign Fund	1,378,200	1,592,538	1,300,000	1,300,000
Income Tax Credit Expenditure	470,000,000	477,000,000	0	0
Sales Tax Revenue Sharing	1,308,255,068	1,359,916,827	1,415,602,500	1,465,702,500
Sales Tax-Health Initiative	8,986,693	8,983,037	9,000,000	9,000,000
Use Tax Prescription Drug Credit	3,635,856	5,018,763	5,020,000	5,020,000
Liquor Convention Facility Development	14,008,984	15,619,216	15,700,000	15,800,000
Liquor Tourism Promotion	22,497,568	24,575,050	23,000,000	23,500,000
Various Tax Out-of-Period Refunds	17,881,663	39,494,093	598,364	598,364
Enhanced Enforcement and ACS	62,117,491	72,052,169	73,000,000	75,000,000
<b>TOTAL GF - SP TAXES</b>	<b>1,993,442,925</b>	<b>2,094,482,887</b>	<b>1,631,577,646</b>	<b>1,681,743,646</b>
<b>NON-TAX REVENUE</b>				
Local Agencies	111,522,007	120,153,688	97,815,964	106,666,264
Special Medicaid Reimbursement	593,401,615	585,179,390	610,301,600	582,366,700
Services	109,940,495	98,682,616	116,008,617	116,182,410
Licenses & Permits	169,990,130	176,455,027	250,231,607	255,847,004
Miscellaneous	398,048,298	384,429,593	355,935,068	354,686,918
Transfers From Other Funds	137,881,675	85,723,725	86,327,877	85,555,377
<b>TOTAL GF - SP NON-TAX REVENUE</b>	<b>1,520,784,221</b>	<b>1,450,624,040</b>	<b>1,516,620,733</b>	<b>1,501,304,673</b>

# DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 1996 - 1997	PRELIMINARY FY 1997 - 1998	ESTIMATES FY 1998 - 1999	ESTIMATES FY 1999 - 2000
02/01/99				
<b>GENERAL FUND-SPECIAL PURPOSE REVENUE</b>				
FEDERAL AID NOT ELSEWHERE ITEMIZED:				
Federal Aid: Agriculture	2,403,820	3,061,489	5,113,600	5,824,100
Federal Aid: Attorney General	3,237,404	2,692,727	6,242,100	6,417,100
Federal Aid: Capital Outlay excluding Transportation	4,159,880	7,397,180	5,248,000	7,018,750
Federal Aid: Civil Rights	1,479,401	1,339,745	1,600,000	1,600,000
Federal Aid: Civil Service	8,639	2,410,770	1,279,100	1,181,612
Federal Aid: Community Health / Biologics	3,470,709,568	3,587,834,722	3,682,772,100	3,980,805,383
Federal Aid: Consumer and Industry Services	35,092,999	24,219,517	116,022,200	112,031,670
Federal Aid: Corrections	6,427,375	6,073,667	19,828,800	22,210,900
Federal Aid: Education	649,380,772	707,147,145	803,836,400	911,076,200
Federal Aid: Environmental Quality	26,766,123	25,875,151	42,020,800	51,986,700
Federal Aid: Family Independence Agency	2,213,875,899	2,083,969,954	1,704,477,600	2,251,866,900
Federal Aid: Higher Education Colleges & Universities	2,401,869	3,182,516	3,600,000	3,600,000
Federal Aid: Judiciary	604,018	1,432,120	1,294,500	2,174,922
Federal Aid: Legislature / Library of Michigan	4,310,891	5,712,860	4,109,800	4,575,000
Federal Aid: Management and Budget	43,311,927	3,245,313	590,700	536,400
Federal Aid: Michigan Jobs Commission	260,990,927	287,401,785	388,483,000	370,009,200
Federal Aid: Military Affairs	26,347,095	24,825,400	27,970,100	29,403,800
Federal Aid: Natural Resources	16,583,805	16,238,948	19,330,600	22,618,600
Federal Aid: State	571,841	605,257	959,600	1,375,000
Federal Aid: State Police	31,609,435	46,582,516	30,039,400	27,260,628
Federal Aid: Treasury	500,000	500,000	1,600,000	1,600,000
TOTAL FEDERAL AID excluding Transportation	6,800,773,686	6,841,748,782	6,866,418,400	7,815,172,865
<b>General Fund - Special Purpose Summary</b>				
GF - SP Tax Revenue	1,993,442,925	2,094,482,887	1,631,577,646	1,681,743,646
GF - SP Non-Tax Revenue	1,520,784,221	1,450,624,040	1,516,620,733	1,501,304,673
GF - SP Federal Aid	6,800,773,686	6,841,748,782	6,866,418,400	7,815,172,865
TOTAL GENERAL FUND-SPECIAL PURPOSE	10,315,000,831	10,386,855,709	10,014,616,780	10,998,221,185
LESS: Interfund Transfers	(137,881,675)	(85,723,725)	(86,327,877)	(85,555,377)
<b>NET TOTAL GENERAL FUND-SPECIAL PURPOSE</b>				
Excluding inter-fund transfers to GF-SP	10,177,119,156	10,301,131,984	9,928,288,902	10,912,665,807



# DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 1996 - 1997	PRELIMINARY FY 1997 - 1998	ESTIMATES FY 1998 - 1999	ESTIMATES FY 1999 - 2000
02/01/99				
<b>SCHOOL AID FUND REVENUE</b>				
TAXES and LOTTERY				
Sales Tax	3,933,530,870	4,094,188,345	4,252,900,000	4,398,600,000
Use Tax	362,026,496	386,419,276	397,700,000	412,700,000
Income Tax Earmarking	1,582,910,406	1,699,374,155	1,777,900,000	1,839,800,000
State Education Tax	1,156,055,143	1,256,873,809	1,300,400,000	1,355,000,000
Real Estate Transfer Tax	192,776,796	227,851,547	220,000,000	218,000,000
Cigarette Excise Tax	338,679,515	350,375,285	344,900,000	339,200,000
Other Tobacco Products Tax	11,835,912	12,599,029	12,200,000	12,200,000
Industrial & Commercial Facilities Tax	117,465,794	115,340,891	116,500,000	116,500,000
Liquor Excise Tax	22,428,338	23,917,089	24,000,000	24,000,000
Other Specific Taxes	13,759,923	13,384,965	13,000,000	13,500,000
Sub-Total SAF Taxes	7,731,469,192	8,180,324,392	8,459,500,000	8,729,500,000
<b>NON-TAX REVENUE</b>				
Transfer from Lottery Ticket Sales	587,732,972	616,109,991	604,000,000	608,000,000
Federal Aid	70,219,995	84,674,842	120,000,000	120,000,000
Transfer from Counter-Cyclical Budget & Economic Stabilization	0	212,000,000	73,700,000	32,000,000
Transfer from General Fund	277,947,800	375,967,757	420,600,000	420,600,000
Recovery of Prior Year State Aid and Receivables	22,679,462	17,121,260	0	0
Sub-Total SAF Other Source Revenues	958,580,229	1,305,873,850	1,218,300,000	1,180,600,000
<b>TOTAL SCHOOL AID FUND</b>	8,690,049,421	9,486,198,241	9,677,800,000	9,910,100,000
LESS: Tax Cuts and Other Adjustments	5,400,000	0	(14,200,000)	(34,400,000)
<b>TOTAL SCHOOL AID FUND before Interfund Transfers</b>	8,695,449,421	9,486,198,241	9,663,600,000	9,875,700,000
LESS: Interfund Transfers	(277,947,800)	(587,967,757)	(494,300,000)	(452,600,000)
<b>NET TOTAL SCHOOL AID FUND</b>	8,417,501,621	8,898,230,484	9,169,300,000	9,423,100,000
Excluding inter-fund transfers to School Aid Fund				

# DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 1996 - 1997	PRELIMINARY FY 1997 - 1998	ESTIMATES FY 1998 - 1999	ESTIMATES FY 1999 - 2000
	02/01/99			
<b>SPECIAL REVENUE FUNDS</b>				
Counter-Cyclical Budget & Economic Stabilization <sup>(6)</sup>	67,843,672	60,130,581	53,700,000	53,400,000
Civilian Conservation Corps Endowment <sup>(7)</sup>	1,723,378	1,250,445	1,200,000	1,200,000
Children's Trust <sup>(6)</sup>	1,967,282	2,186,544	4,373,510	4,655,455
Construction Code	10,514,952	12,773,635	8,699,600	8,960,588
Forest Development <sup>(6)</sup>	19,914,905	18,467,427	20,076,000	20,767,000
Construction Lien	424,044	412,859	334,937	344,985
Employment Security Administration <sup>(6)</sup>	161,443,412	145,375,134	154,953,500	149,738,000
Game and Fish Protection <sup>(6)</sup>	53,380,495	53,735,019	47,095,700	47,095,700
Game and Fish Protection Trust	9,877,873	14,993,637	8,900,000	9,200,000
Workplace Health and Safety	1,361,486	1,347,277	0	0
Marine Safety Trust	5,137,055	5,531,547	5,039,300	4,802,600
MI Underground Storage Tank Financial Assistance	61,381,557	63,448,212	65,770,000	65,770,000
Natural Resources Trust	51,216,588	50,199,818	36,900,000	37,700,000
Nongame Fish and Wildlife	757,493	1,559,904	898,800	901,800
State Park Endowment <sup>(7)</sup>	14,663,874	15,704,257	14,900,000	15,500,000
State Park Improvement <sup>(6)</sup>	25,736,875	29,017,491	26,500,000	28,200,000
Safety, Education & Training	5,080,585	5,226,069	5,319,000	5,478,570
Veterans Trust	3,989,177	6,084,510	350,000	350,000
Michigan State Waterways <sup>(6)</sup>	21,045,981	24,901,882	22,287,700	22,072,400
Bottle Deposits	29,781,266	20,827,658	35,250,780	16,100,000
<b>TOTAL SPECIAL REVENUE FUNDS</b>	547,241,952	533,173,905	512,548,827	492,237,098
LESS: Interfund Transfers	(60,346,136)	(49,646,703)	(47,188,400)	(41,972,900)
<b>NET TOTAL SPECIAL REVENUE FUNDS</b>	486,895,815	483,527,202	465,360,427	450,264,198

Excluding inter-fund transfers to Special Revenue Funds

<sup>(7)</sup> Funded from proceeds of Accident Fund

<sup>(6)</sup> Includes Transfers in.

# **DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS**

	ACTUAL FY 1996 - 1997	PRELIMINARY FY 1997 - 1998	ESTIMATES FY 1998 - 1999	ESTIMATES FY 1999 - 2000
	02/01/99			
<b>TRANSPORTATION: AERONAUTICS 114</b>				
Aviation Fuel Tax	6,698,560	6,867,759	7,025,000	7,130,000
Federal Aid	51,396,859	47,582,152	65,511,000	70,567,700
Local Agencies	20,002,401	14,067,161	20,500,000	10,250,000
Transfers and Other	13,174,542	2,097,627	2,040,000	2,110,000
<b>TOTAL AERONAUTICS</b>	<b>91,272,362</b>	<b>70,614,699</b>	<b>95,076,000</b>	<b>90,057,700</b>
<b>TRANSPORTATION: TRUNKLINE FUND 116</b>				
Federal Aid	379,576,325	458,840,506	800,671,800	767,652,000
Local Agencies	30,020,317	28,668,169	21,376,000	21,176,000
Licenses and Permits	14,154,241	20,258,967	22,600,000	23,500,000
Transfer from MI Transportation & Oth. Funds	574,336,026	712,638,715	714,384,305	731,758,000
Interest from Common Cash Investment	9,963,165	12,462,733	11,315,000	10,288,000
Other	17,473,568	32,772,866	27,000,000	27,200,000
<b>TOTAL TRUNKLINE</b>	<b>1,025,523,643</b>	<b>1,265,641,956</b>	<b>1,597,347,105</b>	<b>1,581,574,000</b>
<b>TRANSPORTATION: MI TRANSPORTATION FUND 119</b>				
Diesel and Motor Carrier Fuel Tax	83,671,435	118,180,926	119,000,000	121,000,000
Gasoline Tax	737,367,738	904,559,983	918,250,000	930,100,000
Motor Vehicle Registration Tax	596,452,461	664,781,693	696,400,000	726,000,000
Licenses, Permits and Other	62,070,817	60,311,334	57,000,000	57,000,000
Interest From Common Cash Investment	9,808,973	12,473,379	10,540,000	10,540,000
Transfer from Budget Stabilization Fund and GF-GP	42,186,802	149,225	0	0
<b>TOTAL MICHIGAN TRANSPORTATION FUND</b>	<b>1,531,558,227</b>	<b>1,760,456,540</b>	<b>1,801,190,000</b>	<b>1,844,640,000</b>
<b>TRANSPORTATION: COMPREHENSIVE 120</b>				
Sales Tax	58,826,258	60,309,659	62,000,000	64,000,000
Federal Aid	30,095,998	13,189,501	31,146,000	31,146,000
Transfer from MI Transportation & Oth. Funds	134,430,263	146,099,087	145,997,600	150,684,400
Other	5,144,813	6,556,890	3,283,000	1,565,000
<b>TOTAL COMPREHENSIVE</b>	<b>228,497,332</b>	<b>226,155,138</b>	<b>242,426,600</b>	<b>247,395,400</b>
<b>TOTAL TRANSPORTATION REVENUE</b>	<b>2,876,851,564</b>	<b>3,322,868,333</b>	<b>3,736,039,705</b>	<b>3,763,667,100</b>
LESS: Interfund Transfers	<b>(718,766,289)</b>	<b>(858,737,802)</b>	<b>(860,381,905)</b>	<b>(882,442,400)</b>
<b>NET TOTAL TRANSPORTATION REVENUE After Transfers</b>	<b>2,158,085,275</b>	<b>2,464,130,531</b>	<b>2,875,657,800</b>	<b>2,881,224,700</b>

## DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 1996 - 1997	PRELIMINARY FY 1997 - 1998	ESTIMATES FY 1998 - 1999	ESTIMATES FY 1999 - 2000
02/01/99				
<b>General Fund Summary</b>				
General Fund - General Purpose	8,376,943,653	8,832,108,599	9,010,188,473	9,258,800,000
General Fund - Special Purpose	10,315,000,831	10,386,855,709	10,014,616,780	10,998,221,185
TOTAL GENERAL FUND	18,691,944,484	19,218,964,309	19,024,805,253	20,257,021,185
LESS: Interfund Transfers	(191,840,183)	(153,445,639)	(165,716,350)	(180,555,377)
<b>NET TOTAL GENERAL FUND after transfers</b>	<b>18,500,104,301</b>	<b>19,065,518,670</b>	<b>18,859,088,902</b>	<b>20,076,465,807</b>
<b>Other Funds Summary</b>				
School Aid Fund	8,695,449,421	9,486,198,241	9,663,600,000	9,875,700,000
Special Revenue Funds	547,241,952	533,173,905	512,548,827	492,237,098
Transportation Revenues	2,876,851,564	3,322,868,333	3,736,039,705	3,763,667,100
TOTAL OTHER FUNDS	12,119,542,936	13,342,240,479	13,912,188,532	14,131,604,198
LESS: Interfund Transfers	(1,057,060,225)	(1,496,352,262)	(1,401,870,305)	(1,377,015,300)
<b>NET TOTAL OTHER FUNDS after transfers</b>	<b>11,062,482,711</b>	<b>11,845,888,217</b>	<b>12,510,318,227</b>	<b>12,754,588,898</b>
<b>All Funds Summary</b>				
Net General Fund	18,500,104,301	19,065,518,670	18,859,088,902	20,076,465,807
Net Other Funds	11,062,482,711	11,845,888,217	12,510,318,227	12,754,588,898
<b>NET TOTAL REVENUE after transfers</b>	<b>29,562,587,012</b>	<b>30,911,406,887</b>	<b>31,369,407,129</b>	<b>32,831,054,705</b>
<b>OTHER REVENUE OR NON-CURRENT YEAR SOURCES OF FINANCING</b>				
General Fund Unreserved Balance	0	53,300,000	0	0
School Aid Fund Unreserved Balance	119,155,000	193,065,000	272,757,000	259,200,000
Special Revenue Funds Balances (Available)	189,219,000	161,833,400	123,149,000	123,149,000
Budgeted Non-revenue Items				
Liquor Operations (330)	14,611,584	15,956,041	19,995,700	21,949,400
Lottery Operations (335)	28,188,230	31,302,743	34,177,400	34,555,200
Retirement Operations (762,771,6,783,4,875)	20,073,019	18,920,817	29,309,400	30,702,600
DNR Magazine Fund (350)	51,600	na	na	na
Michigan State Industries (431)	9,180,260	8,666,401	12,099,200	12,655,200
State Building Authority & Capital Outlay Reserve	87,645,804	124,669,868	121,465,847	121,465,847
Group Insurance Fund(440), Flexible Spending & COBRA	3,016,900	2,242,075	7,246,600	7,348,300
MSHDA	15,560,325	15,257,423	15,399,800	16,738,000
Sub-Total Budgeted Non-revenue Items and Fund Balances	486,701,723	625,213,767	635,599,947	627,763,547
<b>NET TOTAL RESOURCES</b>	<b>30,049,288,735</b>	<b>31,536,620,654</b>	<b>32,005,007,076</b>	<b>33,458,818,252</b>

# SUMMARY OF FY2000 EXECUTIVE BUDGET BILLS

	All Funds	GF/GP
<b>AGRICULTURE</b>		
Executive	7,408,600	7,315,200
Administrative Services	5,848,200	5,730,100
Food and Dairy	16,872,600	6,825,300
Animal Industry	2,159,600	2,030,100
Pesticide and Plant Pest Management	12,332,800	6,217,800
Environmental Stewardship	9,792,600	3,820,400
Laboratory Program	9,898,600	5,169,900
Market Development	4,124,300	3,238,700
Fairs and Expositions	14,889,800	536,400
Office of Racing Commissioner	3,000,000	-
<b>TOTAL AGRICULTURE</b>	<b>86,327,100</b>	<b>40,883,900</b>
<b>CAPITAL OUTLAY</b>		
Department of Management and Budget	23,368,000	15,868,000
Department of Military Affairs	4,805,000	426,250
Department of Natural Resources		
State Parks	2,500,000	-
Waterways Boating Program	18,270,100	-
Real Estate	5,000,000	-
Department of Transportation		
State Trunkline Fund	9,950,000	-
Aeronautics Fund: Aeronautics Programs	99,492,400	14,900,000
State Building Authority Rent	252,636,881	246,116,881
<b>TOTAL CAPITAL OUTLAY</b>	<b>416,022,381</b>	<b>277,311,131</b>
<b>COMMUNITY HEALTH</b>		
Departmentwide Administration	72,653,300	49,199,200
Mental Health/Substance Abuse Services Administration and Special Projects	34,140,500	19,400,100
Community Mental Health/Substance Abuse Services Program	1,739,387,500	1,021,535,600
State Psychiatric Hospitals, Centers for Persons with Developmental Disabilities, and Forensic and Prison Mental Health Services	329,499,200	39,104,300
Public Health Administration	7,745,800	3,079,400
Infectious Disease Control	38,591,000	3,637,900
Laboratory Services	10,938,500	6,367,000
Epidemiology	6,575,300	1,952,600

Local Health Administration and Grants	44,675,100	40,657,900
Chronic Disease and Injury Prevention and Health Promotion	39,150,500	2,811,200
Community Living, Children, and Families	268,409,200	38,872,400
Children's Special Health Care Services	125,145,000	61,860,200
<b>COMMUNITY HEALTH (CON'T)</b>		
Office of Drug Control Policy	35,086,800	174,400
Crime Victim Services Commission	16,722,800	485,200
Office of Services to the Aging	83,685,900	33,768,100
Medical Services Administration	51,654,600	17,483,200
Medical Services	4,964,208,400	1,208,856,300
<b>TOTAL COMMUNITY HEALTH</b>	<b>7,868,269,400</b>	<b>2,549,245,000</b>
<b>CORRECTIONS</b>		
Executive	8,409,000	8,409,000
Administration and Programs	25,355,700	21,849,200
Central Support Accounts	18,389,400	18,389,400
Training, Community Support and Substance Abuse Programs	43,856,900	40,001,100
Prison Industries Operations	12,655,200	-
Field Operations	102,851,500	95,459,500
Community Placement	38,144,200	29,696,500
Special Alternative Incarceration Program	9,408,900	9,278,500
Office of Community Corrections	45,414,900	29,170,200
Consent Decrees	106,564,400	106,564,400
Office of Health Care	43,400,900	43,320,900
Clinical Operations	76,750,200	76,750,200
Correctional Facilities-Administration	21,728,500	15,466,900
Alger Maximum Security Correctional Facility-Munising	22,226,800	22,216,900
Baraga Maximum Correctional Facility-Baraga	25,359,700	25,345,600
E.C. Brooks Correctional Facility-Muskegon	39,335,400	39,186,900
Carson City Correctional Facility Complex-Carson City	40,023,700	39,926,200
Chippewa Correctional Facility-Kincheloe	37,492,700	37,337,500
Cooper Street Correctional Facility - Jackson	19,819,600	19,717,700
G. Robert Cotton Correctional Facility-Jackson	30,852,900	30,736,300
Florence Crane Women's Facility-Coldwater	18,345,000	18,295,900
Charles E. Egeler Correctional Facility-Jackson	19,573,100	19,474,800
Richard A. Handlon Michigan Training Unit-Ionia	21,161,200	21,083,400
Gus Harrison Correctional Facility-Adrian	39,074,000	38,874,000
Huron Valley Men's Facility-Ypsilanti	20,574,600	20,525,600
Ionia Maximum Facility-Ionia	23,892,600	23,883,000
Ionia Temporary Facility-Ionia	17,180,300	16,740,100
Jackson Maximum Correctional Facility-Jackson	40,801,300	38,821,900
Kinross Correctional Facility-Kincheloe	40,230,800	40,083,300
Lakeland Correctional Facility-Coldwater	20,832,400	20,783,300
Macomb Correctional Facility-New Haven	24,585,100	24,475,900
Marquette Branch Prison-Marquette	32,246,800	32,097,900

Michigan Reformatory-Ionia	32,003,700	31,856,700
Mid-Michigan Correctional Facility-St. Louis	16,901,300	16,844,200
<b>CORRECTIONS (CON'T)</b>		
Mound Correctional Facility-Detroit	22,645,900	22,547,400
Muskegon Correctional Facility-Muskegon	24,468,200	24,395,000
Newberry Correctional Facility-Newberry	21,204,800	21,155,700
Oaks Correctional Facility-Eastlake	26,198,700	26,186,600
Parnall Correctional Facility-Jackson	22,176,500	21,983,800
Pine River Correctional Facility-St. Louis	13,013,400	13,013,400
Riverside Correctional Facility-Ionia	25,510,000	25,461,000
Ryan Correctional Facility-Detroit	24,120,700	24,022,300
Saginaw Correctional Facility-Freeland	26,439,400	26,340,900
Scott Correctional Facility-Plymouth	24,218,800	24,120,900
Southern Michigan Correctional Facility-Jackson	28,211,400	27,852,700
St. Louis Correctional Facility-St. Louis	20,459,000	20,459,000
Standish Maximum Correctional Facility-Standish	21,372,700	21,362,900
Thumb Correctional Facility-Lapeer	22,221,800	22,172,700
Western Wayne Correctional Facility-Plymouth	21,513,000	21,409,600
Michigan Youth Correctional Facility-Baldwin	16,158,000	761,900
Correction Camps	62,719,500	62,123,100
Inmate Housing Fund	8,547,200	8,547,200
<b>TOTAL CORRECTIONS</b>	<b>1,566,641,700</b>	<b>1,486,579,000</b>
<b>EDUCATION</b>		
State Board of Education/Office of the Superintendent	2,894,400	2,319,400
Central Support	8,252,000	3,783,300
School Support Services	4,847,400	204,200
Data and Technology Services	6,421,700	2,359,900
Standards, Assessment and Accreditation Services	16,550,400	2,767,500
Special Education Services	6,313,800	144,200
Lansing, Michigan School for the Blind Former Site	1,227,000	-
Michigan Schools for the Deaf and Blind	12,985,300	3,715,800
Career, Curriculum, and Postsecondary Services	8,152,400	2,162,400
Professional Preparation Services	5,654,100	-
Field Services	3,922,900	411,400
Innovation and Community Services	3,310,000	867,900
Grants and Distributions-Federal Programs	874,797,100	-
Grants and Distributions-State Programs	27,887,400	19,131,000
<b>TOTAL EDUCATION</b>	<b>983,215,900</b>	<b>37,867,000</b>
<b>ENVIRONMENTAL QUALITY</b>		
Executive	2,249,500	1,474,600
Financial and Business Services	10,509,200	2,900,300
Departmental Operation Support	7,002,300	4,865,900

Geological Survey	10,769,700	125,500
Land and Water Management	12,853,900	6,687,300
Air Quality	18,042,900	6,154,400
Surface Water Quality	20,217,200	9,484,500
Drinking Water Protection and Radiological Health	22,839,000	8,543,100
Low Level Radioactive Waste Authority	880,300	-
Environmental Response	56,639,500	24,966,400
Storage Tanks	84,269,800	5,802,000
Waste Management	13,150,500	5,141,800
Environmental Assistance Division	9,734,000	495,000
Criminal Investigations	1,673,700	726,400
Grants	125,573,900	18,588,600
Environmental Bond Staffing	140,600	140,600
<b>TOTAL ENVIRONMENTAL QUALITY</b>	<b>396,546,000</b>	<b>96,096,400</b>
<b>FAMILY INDEPENDENCE AGENCY</b>		
Executive Operations	181,605,700	60,844,900
Family Services Administration	220,922,500	26,823,000
Child and Family Services	467,408,400	173,762,400
Delinquency Services	216,391,100	126,979,800
Local Office Staff and Operations	432,875,500	159,958,300
Disability Determination Services	68,990,000	838,000
Central Support Accounts	222,407,900	87,382,400
Public Assistance	1,698,218,400	422,195,700
<b>TOTAL FAMILY INDEPENDENCE AGENCY</b>	<b>3,508,819,500</b>	<b>1,058,784,500</b>
<b>GENERAL GOVERNMENT</b>		
<b>ATTORNEY GENERAL</b>		
Attorney General Operations	55,132,300	32,078,800
<b>TOTAL ATTORNEY GENERAL</b>	<b>55,132,300</b>	<b>32,078,800</b>
<b>CIVIL RIGHTS</b>		
Civil Rights Operations	14,623,300	12,989,300
<b>TOTAL CIVIL RIGHTS</b>	<b>14,623,300</b>	<b>12,989,300</b>
<b>CIVIL SERVICE</b>		
Civil Service Operations	28,585,500	10,797,200
<b>TOTAL CIVIL SERVICE</b>	<b>28,585,500</b>	<b>10,797,200</b>
<b>EXECUTIVE OFFICE</b>		
Executive Office Operations	5,425,100	5,425,100



<b>TOTAL EXECUTIVE OFFICE</b>	<b>5,425,100</b>	<b>5,425,100</b>
<b>LEGISLATIVE AUDITOR GENERAL</b>		
Office of Auditor General	14,321,900	12,501,000
<b>TOTAL LEGISLATIVE AUDITOR GENERAL</b>	<b>14,321,900</b>	<b>12,501,000</b>
<b>LEGISLATURE</b>		
Legislature	76,064,000	76,064,000
Legislative Council	14,016,900	13,616,900
Legislative Retirement System	3,443,300	2,401,500
Property Management	7,862,300	7,862,300
<b>TOTAL LEGISLATURE</b>	<b>101,386,500</b>	<b>99,944,700</b>
<b>LIBRARY OF MICHIGAN</b>		
Library of Michigan	38,190,200	33,918,500
<b>TOTAL LIBRARY OF MICHIGAN</b>	<b>38,190,200</b>	<b>33,918,500</b>
<b>MANAGEMENT AND BUDGET</b>		
Management and Budget Services	112,189,300	42,131,000
Statewide Appropriations	1,255,000	-
Special Programs	23,956,500	2,678,200
<b>TOTAL MANAGEMENT AND BUDGET</b>	<b>137,400,800</b>	<b>44,809,200</b>
<b>STATE</b>		
Executive Direction	2,307,000	1,173,900
Department Services	48,997,400	13,514,300
Regulatory Services	6,856,300	1,480,300
Customer Delivery Services	102,773,000	31,920,500
Election Regulation	3,342,300	3,342,300
<b>STATE (CONT'D)</b>		
Historical Program	6,926,000	4,326,100
Departmentwide Appropriations	8,854,300	2,872,700
<b>TOTAL STATE</b>	<b>180,056,300</b>	<b>58,630,100</b>
<b>TREASURY</b>		
Executive Direction	1,287,100	1,059,800
Departmentwide Appropriations	5,271,400	2,161,200
Local Government Programs	8,749,300	1,615,900
Tax Programs	63,424,000	21,675,500
Management Programs	37,589,500	16,613,600

Financial Programs	54,571,800	2,198,500
Debt Service	94,117,500	93,417,500
Grants	1,515,648,900	24,473,900
State Lottery	34,152,100	-
Casino Gaming	14,404,000	-
<b>TOTAL TREASURY</b>	<b>1,829,215,600</b>	<b>163,215,900</b>
<b>TOTAL GENERAL GOVERNMENT</b>	<b>2,404,337,500</b>	<b>474,309,800</b>
<b>HIGHER EDUCATION</b>		
<b>COMMUNITY COLLEGES</b>		
Operations		
Alpena Community College	4,703,837	4,703,837
Bay de Noc Community College	4,400,400	4,400,400
Delta College	13,488,310	13,488,310
Glen Oaks Community College	2,094,673	2,094,673
Gogebic Community College	4,058,527	4,058,527
Grand Rapids Community College	17,599,052	17,599,052
Henry Ford Community College	20,179,700	20,179,700
Jackson Community College	11,757,634	11,757,634
Kalamazoo Valley Community College	10,657,339	10,657,339
Kellogg Community College	8,703,721	8,703,721
Kirtland Community College	2,884,295	2,884,295
Lake Michigan College	4,723,720	4,723,720
Lansing Community College	29,118,666	29,118,666
Macomb Community College	31,757,884	31,757,884
Mid Michigan Community College	3,903,610	3,903,610
Monroe County Community College	3,815,205	3,815,205
Montcalm Community College	2,994,561	2,994,561
C.S. Mott Community College	14,894,333	14,894,333
Muskegon Community College	8,418,834	8,418,834
<b>COMMUNITY COLLEGES (CON'T)</b>		
North Central Michigan College	2,821,668	2,821,668
Northwestern Michigan College	8,312,144	8,312,144
Oakland Community College	20,484,101	20,484,101
St. Clair County Community College	6,618,824	6,618,824
Schoolcraft College	11,338,620	11,338,620
Southwestern Michigan College	5,646,316	5,646,316
Washtenaw Community College	10,994,801	10,994,801
Wayne County Community College	16,267,643	16,267,643
West Shore Community College	2,170,577	2,170,577
Grants	8,153,024	8,153,024
<b>TOTAL COMMUNITY COLLEGES</b>	<b>292,962,019</b>	<b>292,962,019</b>

<b>UNIVERSITIES/GRANTS &amp; FINANCIAL AID</b>		
Operations		
Central Michigan University	78,992,204	78,992,204
Eastern Michigan University	79,476,067	79,476,067
Ferris State University	50,699,829	50,699,829
Grand Valley State University	52,702,676	52,702,676
Lake Superior State University	13,015,011	13,015,011
Michigan State University	295,224,423	295,224,423
Michigan Technological University	49,754,962	49,754,962
Northern Michigan University	47,956,518	47,956,518
Oakland University	46,315,722	46,315,722
Saginaw Valley State University	23,709,893	23,709,893
University of Michigan-Ann Arbor	328,337,052	328,337,052
University of Michigan-Dearborn	25,290,019	25,290,019
University of Michigan-Flint	21,604,275	21,604,275
Wayne State University	233,121,094	233,121,094
Western Michigan University	113,168,316	113,168,316
Tuition Restraint Incentive Grants	22,000,000	22,000,000
State and Regional Programs	58,523,637	58,523,637
Martin Luther King, Jr.-Cesar Chavez-Rosa Parks Program	2,955,733	2,955,733
Grants and Financial Aid	129,431,777	120,581,777
<b>TOTAL UNIVERSITIES/GRANTS &amp; FIN. AID</b>	<b>1,672,279,208</b>	<b>1,663,429,208</b>
<b>JUDICIARY</b>		
Supreme Court	35,709,700	23,973,400
Court of Appeals	19,704,800	18,056,000
Justices' and Judges' Compensation	76,899,200	70,833,600
Judicial Agencies	953,700	953,700
<b>JUDICIARY (CONT'D)</b>		
Indigent Defense - Criminal	5,496,000	4,878,100
Indigent Civil Legal Assistance	7,337,000	-
Trial Court Operations	77,840,400	41,796,400
Grants and Reimbursements to Local Government	2,200,000	-
<b>TOTAL JUDICIARY</b>	<b>226,140,800</b>	<b>160,491,200</b>
<b>MILITARY AND VETERANS AFFAIRS</b>		
Headquarters and Armories	12,346,200	9,073,600
Military Training Sites and Support Facilities	12,160,700	1,620,800
Departmentwide Appropriations	7,113,900	3,239,900
Veterans' Service Organizations	3,485,200	3,485,200
Grand Rapids Veterans' Home	39,153,600	14,808,800
D.J. Jacobetti Veterans' Home	12,431,300	4,732,500
Michigan Veterans' Trust Fund	4,982,800	291,400

<b>TOTAL MILITARY AND VETERANS AFFAIRS</b>	<b>91,673,700</b>	<b>37,252,200</b>
<b>NATURAL RESOURCES</b>		
Executive	4,059,800	1,189,600
Administrative Services	20,847,500	6,926,000
Departmental Operation Support	2,943,900	1,262,900
Wildlife Management	19,618,800	381,700
Fisheries Management	22,088,500	138,200
Parks and Recreation	54,069,300	10,720,600
Mackinac Island State Park	3,371,200	1,937,900
Forest Resource Management	38,105,200	7,638,000
Real Estate	16,251,100	1,002,500
Law Enforcement	26,361,800	4,238,500
Payments in Lieu of Taxes	18,056,700	15,559,100
Grants	13,802,500	-
<b>TOTAL NATURAL RESOURCES</b>	<b>239,576,300</b>	<b>50,995,000</b>
<b>REGULATORY</b>		
<b>CONSUMER AND INDUSTRY SERVICES</b>		
Executive Direction	14,496,500	5,305,900
Council for Arts and Cultural Affairs	22,404,100	21,704,100
Fire Safety	4,368,200	1,177,700
Management Services	32,008,800	5,719,500
Financial Services and Corporations	41,556,100	-
Public Service Commission	18,387,200	-
Liquor Control Commission	19,663,800	-
<b>CONSUMER AND INDUSTRY SERVICES (CON'T)</b>		
Michigan State Housing Development Authority	93,223,800	-
Tax Tribunal	1,576,500	971,000
Grants	6,675,000	-
Health Regulatory Systems	43,179,100	11,056,300
Regulatory Services	20,762,800	11,683,500
Occupational Regulation	19,485,900	-
Employment Relations	2,961,600	2,936,600
Safety and Regulation	24,724,700	6,753,400
Worker's Disability Compensation	22,763,200	10,049,500
Unemployment Agency	105,296,200	-
<b>TOTAL CONSUMER AND INDUSTRY SERVICES</b>	<b>493,533,500</b>	<b>77,357,500</b>
<b>CAREER DEVELOPMENT</b>		
Departmental Administration	1,537,900	1,537,900
Department Operations	10,431,300	690,700
Workforce Development	68,934,400	7,591,400

Department Grants	307,566,200	5,324,900
Employment Service Agency	46,440,600	-
<b>TOTAL CAREER DEVELOPMENT</b>	<b>434,910,400</b>	<b>15,144,900</b>
<b>MICHIGAN STRATEGIC FUND</b>		
Michigan Strategic Fund	131,917,100	64,907,200
<b>TOTAL MICHIGAN STRATEGIC FUND AGENCY</b>	<b>131,917,100</b>	<b>64,907,200</b>
<b>TOTAL REGULATORY</b>	<b>1,060,361,000</b>	<b>157,409,600</b>
<b>SCHOOL AID</b>		
Section 11	10,055,102,500	420,613,500
<b>TOTAL SCHOOL AID</b>	<b>10,055,102,500</b>	<b>420,613,500</b>
<b>STATE POLICE</b>		
Executive Direction	10,508,900	3,998,600
Departmentwide Appropriations	23,131,500	22,016,500
Support Services	10,500,400	7,485,100
Highway Safety Planning	22,992,400	5,016,500
Central Records	8,144,000	2,893,100
Criminal Justice Data Center	11,720,100	9,660,700
Forensic Sciences	18,041,600	16,991,400
Commission on Law Enforcement Standards	11,198,700	1,178,300
<b>STATE POLICE (CON'T)</b>		
Fire Marshal	4,717,000	4,617,000
Emergency Management	9,086,100	1,147,700
Uniform Services	151,595,800	143,777,600
Special Operations	19,339,600	16,351,200
Criminal Investigations	47,764,700	30,815,200
Motor Carrier Enforcement	14,522,400	1,437,700
<b>TOTAL STATE POLICE</b>	<b>363,263,200</b>	<b>267,386,600</b>
<b>TRANSPORTATION</b>		
Debt Service	69,034,100	-
Interdepartment and Statutory Contracts	69,498,900	-
Executive Direction	3,395,600	-
Administrative Services	43,051,500	-
Bureau of Finance and Administration	20,355,500	-
Bureau of Transportation Planning	21,163,500	-
Bureau of Highways	65,586,700	-
Highway Maintenance	228,899,400	-
Road and Bridge Programs	2,004,889,600	-

Blue Water Bridge	10,083,500	-
Transportation Economic Development Fund	37,298,900	-
Bureau of Aeronautics	7,732,100	-
Bureau of Urban and Public Transportation	8,650,700	-
Bus Transit Division; Statutory Operating	151,221,400	-
Intercity Passenger and Freight	27,264,500	-
Public Transportation Development	42,605,000	-
<b>TOTAL TRANSPORTATION</b>	<b>2,810,730,900</b>	<b>-</b>



**STATE OF MICHIGAN**  
OFFICE OF THE GOVERNOR  
**LANSING**

JOHN ENGLER  
GOVERNOR

February 11, 1999

Ladies and Gentlemen of the Legislature and Citizens of the State of Michigan:

Article XI, Section 5, of the Michigan Constitution of 1963, provides that increases in rates of compensation for employees in the state classified service, authorized by the Civil Service Commission, require prior notice to the Governor. The Constitution also requires that I, as Governor, transmit such increases to the Legislature as part of my budget.

The Commission on January 14, 1999, approved multi-year collective bargaining agreements with seven state employee unions for fiscal years 2000, 2001 and 2002. The fiscal year 2000 increases contained in those agreements are reflected in this transmittal. Labor agreements for the State Police unit and for the Safety and Regulatory unit are currently in the process of negotiations, thus, they are not included in this correspondence.

The Commission also approved fiscal year 2000 pay and benefit adjustments for non-exclusively represented state classified employees at the January 14 meeting. These adjustments are in line with the adjustments the Commission authorized for employees covered by collective bargaining agreements.

Attached is a cost summary of all the Civil Service Commission's pay actions for fiscal year 2000 prepared by the Office of the State Employer. The net additional cost of these pay and benefit adjustments for fiscal year 2000 is estimated to be \$70.5 million including the state's share of FICA and required retirement contributions. The base adjustments in collectively bargained and Civil Service Commission recommended employee coinsurance and deductibles for the State Health Plan Advantage in fiscal year 2000 will result in cost savings of approximately \$9.2 million.

Sincerely,

John Engler  
Governor



# Estimated "New" Costs and Savings - Summary

## Michigan State Classified Service

Fiscal Year 1999 - 2000

(NOTE: Amounts do not include costs associated with overtime, shift differential, etc.)

	<sup>1</sup> A-02 P.O.A.M Saf. & Reg.	A-31 MSEA Labor & Trades	C-12 MCO Security	E-42 31-M Human Sv. Support	H-21 MPES Scientific & Engineering	L-32 UTEA Technical	<sup>1</sup> T-01 MSPTA State Police Enlisted	U-11 AFSCME Institutional	W-22 & W-41 UAW Human Sv. & Admin. Spt.	MSC's & NERE's	TOTAL ALL UNITS
* Number of Employees - 10/3/98	1,627	3,715	9,289	938	1,877	1,259	1,905	3,470	19,902	15,380	59,362
<sup>2</sup> Avg. Annual Salary - 10/3/98	\$ 37,357	\$ 29,973	\$ 35,672	\$ 34,861	\$ 49,379	\$ 34,965	\$ 44,096	\$ 31,200	\$ 36,629	\$ 51,355	\$ 40,165
Adjustments for FY 2000											
*3% Base Wage Increase 10/1/99	*Unknown	\$ 3,340,491	\$ 9,940,716	\$ 980,989	\$ 2,780,531	\$ 1,320,628	*Unknown	\$ 3,247,920	\$ 21,869,711	\$ 23,695,197	\$ 67,176,183
<sup>3</sup> FICA/Ret. on Base Wage Increase	*Unknown	\$ 627,010	\$ 1,959,315	\$ 179,619	\$ 512,174	\$ 244,844	*Unknown	\$ 603,139	\$ 4,039,336	\$ 4,431,002	\$ 12,596,439
FY 2000, Base Pay Costs	*Unknown	\$ 3,967,501	\$ 11,900,031	\$ 1,160,608	\$ 3,292,705	\$ 1,565,472	*Unknown	\$ 3,851,059	\$ 25,909,046	\$ 28,126,199	\$ 79,772,622
FY 2000, Benefit Savings (page 2)	*Unknown	\$ 493,897	\$ 1,900,965	\$ 150,085	\$ 273,615	\$ 186,409	*Unknown	\$ 599,818	\$ 3,215,120	\$ 2,377,150	\$ 9,197,059
NET FY 2000 COSTS	*Unknown	\$ 3,473,604	\$ 9,999,066	\$ 1,010,523	\$ 3,019,090	\$ 1,379,063	*Unknown	\$ 3,251,241	\$ 22,693,926	\$ 25,749,049	\$ 70,575,563

<sup>1</sup> Currently in negotiations.

<sup>2</sup> MIDB, HRS\_Appointment table, PP 21.

<sup>3</sup> Rates from DMB/OFM 12/8/98 memo; Unit rates are weighted by enrollment.

<sup>4</sup> Report KG2012P01



**Estimated "New" Costs and Savings - SHPA and Other Benefits**  
**Michigan State Classified Service**  
**Fiscal Year 1999 - 2000**

	<sup>1</sup> A-02 P.O.A.M Saf. & Reg.	A-31 MSEA Labor & Trades	C-12 MCO Security	E-42 31-M Human Srv. Support	H-21 MPES Scientific & Engineering	L-32 UTEA Technical	<sup>1</sup> T-01 MSPTA State Police Enlisted	U-11 AFSCME Institutional	W-22 & W-41 UAW Human Srv. & Admin. Sptt.	MSC's & NERE's	TOTAL ALL UNITS
Number of Employees - 10/3/98	1,627	3,715	9,289	938	1,877	1,259	1,905	3,470	19,902	15,380	59,362
Avg. Annual Salary - 10/3/98	\$ 37,357	\$ 29,973	\$ 35,672	\$ 34,861	\$ 49,379	\$ 34,965	\$ 44,096	\$ 31,200	\$ 36,629	\$ 51,355	\$ 40,165
<sup>4</sup> Enrolled in SHPA 10/17/98	1,064	1,701	6,547	603	994	642	1,675	2,238	11,073	8,187	34,724
<b>SHPA Savings Adjustments</b>											
*Deductibles to \$300/\$600 1/1/2000	*Unknown	\$ 336,406	\$ 1,294,797	\$ 119,255	\$ 196,583	\$ 126,968	*Unknown	\$ 442,608	\$ 2,189,901	\$ 1,619,138	\$ 6,325,656
*Rx Drug Copay Increase 1/1/2000	*Unknown	\$ 122,466	\$ 471,360	\$ 43,414	\$ 71,564	\$ 46,222	*Unknown	\$ 161,128	\$ 797,215	\$ 589,434	\$ 2,302,802
*Mail Order Rx Copay 1/1/2000	*Unknown	\$ 36,985	\$ 142,351	\$ 13,111	\$ 21,612	\$ 13,959	*Unknown	\$ 48,661	\$ 240,759	\$ 178,009	\$ 695,446
<b>SHPA Savings Total</b>	*Unknown	\$ 495,856	\$ 1,908,507	\$ 175,780	\$ 289,760	\$ 187,149	*Unknown	\$ 652,396	\$ 3,227,875	\$ 2,386,581	\$ 9,323,904
<b>SHPA Costs Adjustments</b>											
Wellness Plan Addition	*Unknown	\$ 1,959	\$ 7,542	\$ 695	\$ 1,145	\$ 740	*Unknown	\$ 2,578	\$ 12,755	\$ 9,431	\$ 36,845
<b>SHPA Costs Total</b>	*Unknown	\$ 1,959	\$ 7,542	\$ 695	\$ 1,145	\$ 740	*Unknown	\$ 2,578	\$ 12,755	\$ 9,431	\$ 36,845
<b>SHPA Net Savings Adjustments</b>	*Unknown	\$ 493,897	\$ 1,900,965	\$ 175,085	\$ 288,615	\$ 186,409	*Unknown	\$ 649,818	\$ 3,215,120	\$ 2,377,150	\$ 9,287,059
<b>Other Benefits Adjustments</b>											
Professional Development Fund Increases	*Unknown	\$ -	\$ -	\$ 25,000	\$ 15,000	\$ -	*Unknown	\$50,000	\$ -	\$ -	\$ 90,000
<b>Total</b>											
Net Savings for SHPA & Other Benefits	*Unknown	\$ 493,897	\$ 1,900,965	\$ 150,085	\$ 273,615	\$ 186,409	*Unknown	\$ 599,818	\$ 3,215,120	\$ 2,377,150	\$ 9,197,059

<b>Legislation Necessary to Implement Fiscal Year 2000 Budget</b>		
<b>Department/Budget Bill</b>	<b>Purpose</b>	<b>Public Act or MCLA Being Amended</b>
Community Health	1. Tobacco Settlement Regulations for Non-Participating Manufacturers 2. Newborn Screening Fee Increase	Requires New Public Act  MCL 333.5431 (3)
Environmental Quality	Fee package for Hazardous Waste Generators and Treatment, Storage and Disposal Facilities	MCL 324.11153 MCL 324.12119
Higher Education	Repeal the Tuition Tax Credit	MCL 206.274
Judiciary	Law Exam Fee Increase	MCL 600.931 (1a)
Military and Veteran Affairs	Repeal the Military Per Diem Payment	MCL 32.261 to 32.262
Treasury	1. Proposed Income Tax Cut for Tax Year 2000 2. Michigan Merit Award	MCL 206.51 Requires New Public Act

## STATE OF MICHIGAN WORLD WIDE WEB ADDRESSES

This Budget Document Can Be Found at: <http://www.state.mi.us/dmb/dir/>

### ADDRESS

State of Michigan Home Page

<http://www.migov.state.mi.us/>

### EXECUTIVE BRANCH

Governor's Office

<http://info.migov.state.mi.us/migov.html>

Michigan Administrative Code

<http://www.state.mi.us/execoff/admincode/>

Office of Regulatory Reform

<http://www.migov.state.mi.us/rules/orr>

First Lady

<http://info.migov.state.mi.us/fl.html>

### Departments:

Agriculture

<http://www.mda.state.mi.us/>

Attorney General

<http://www.ag.state.mi.us/>

Civil Rights

<http://www.mdcr.com/>

Civil Service

<http://www.mdcs.state.mi.us/>

Community Health

<http://www.mdch.state.mi.us/>

Michigan Aging Services System

<http://www.mdch.state.mi.us/mass/masshome.html>

Consumer and Industry Services

<http://www.cis.state.mi.us/>

Insurance Bureau

<http://www.cis.state.mi.us/ins/>

Public Service Commission

<http://ermisweb.state.mi.us/mpsc/>

Unemployment Agency

<http://www.cis.state.mi.us/ua/homepage.html>

Corrections

<http://www.state.mi.us/mdoc/>

Education

<http://www.mde.state.mi.us>

Environmental Quality

<http://www.deq.state.mi.us>

Michigan Environmental

Science Board

<http://www.mesb.org/>

Office of the Great Lakes

<http://www.deq.state.mi.us/ogl/>

Family Independence Agency

<http://www.mfia.state.mi.us/>

Lottery

<http://www.state.mi.us/msl/index.html>

Management and Budget

<http://www.state.mi.us/dmb/dir/>

Michigan Information Center

<http://www.state.mi.us/dmb/mic/>

Michigan Public Schools Retirement

System

<http://www.state.mi.us/dmb/mpsers/>

Office of the State Budget Director

<http://www.state.mi.us/dmb/dir/>

Office of Financial Management

<http://www.state.mi.us/dmb/ofm/>

Office of Purchasing

<http://www.state.mi.us/dmb/oop/>

Office of Retirement Services

<http://www.state.mi.us/dmb/ors/>

State Employees Retirement System

<http://www.state.mi.us/dmb/ors/SERS/index.html>

Year 2000 Project Office

<http://www.state.mi.us/dmb/year2000/>

Michigan Jobs Commission

<http://www.michigan.state.mi.us/mjc/>

Michigan Community Services

Commission

<http://www.state.mi.us/mjc/mcsc/>

Rehabilitation Services

<http://www.mrs.state.mi.us/>

## JUDICIAL BRANCH

<http://www.migov.state.mi.us/judicial.html>

## LEGISLATIVE BRANCH

House of Representatives

<http://www.house.state.mi.us>

House Fiscal Agency

<http://www.house.state.mi.us/hfa/index.html>

Senate

<http://www.state.mi.us/senate/>

Senate Fiscal Agency

<http://www.state.mi.us/sfa/>

Library of Michigan

<http://www.libofmich.lib.mi.us/>

Legislative Auditor General

<http://www.state.mi.us/audgen/>

Michigan Legislative Information

Web Service

<http://www.michiganlegislature.org/>

## MISCELLANEOUS INFORMATION SITES:

Michigan Constitution

<http://www.migov.state.mi.us/constitution/constitution.html>

Congressional Budget Office

<http://www.cbo.gov/>

Federal Web Locator

<http://www.law.vill.edu/Fed-Agency/fedwebloc.html>

Government Information Exchange

<http://www.info.gov/>

Library of Congress

<http://www.loc.gov/>

Michigan Access to Government

Information Center

<http://www.govern.com/intro.html>

Michigan Electronic Library

<http://mel.lib.mi.us/>

Michigan Internet Superstation

<http://www.ring.com/michigan.html>

National Association of State Budget

Officers

<http://www.nasbo.org:80>

National Governors' Association

<http://www.nga.org:80>

State Bar of Michigan

<http://www.icle.org/lawyers/index.html>

White House

<http://www.whitehouse.gov/WH/welcome.html>

# INDEX

Key Word	Department	Section
<b>A</b>		
Adoption .....	Overview .....	A
	Family Independence Agency .....	F
Adult Home Help .....	Overview .....	A
	Community Health .....	G
Aeronautics .....	Capital Outlay .....	I
Agriculture .....	Overview .....	A
	Agriculture .....	H
Agriculture Equine Industry		
Development Fund .....	Agriculture .....	H
Alternative Dispute Resolution .....	Judiciary .....	E
Arts Funding .....	Consumer and Industry Services .....	D
Attorney General .....	Attorney General .....	J
Auditor General .....	Legislature .....	J
<b>B</b>		
Bovine Tuberculosis .....	Overview .....	A
	Agriculture .....	H
Bridges .....	Transportation .....	I
Brownfield Redevelopment .....	Environmental Quality .....	H
Business and Economic Services		
Team (BEST) .....	Civil Rights .....	J
Business Attraction .....	Strategic Fund .....	D
<b>C</b>		
Capital Outlay .....	Capital Outlay .....	I
Capitated Managed Care .....	Community Health .....	G
Career Development .....	Career Development .....	D
Casino Gaming .....	State Police .....	E
	Treasury .....	J
Charter Schools	State School Aid .....	C
Child Welfare .....	Overview .....	A
	Family Independence Agency .....	F

Children's Ombudsman .....	Management and Budget .....	J
Children's Special Health		
Care Services .....	Community Health .....	G
Children's Waiver Home Care .....	Community Health .....	G
Civil Rights .....	Civil Rights .....	J
Civil Service .....	Civil Service .....	J
Clean Michigan Initiative .....	Natural Resources .....	H
	Environmental Quality .....	H
Colleges .....	Community Colleges .....	C
	Universities, Grants & Fin. Aid .....	C
Community Colleges .....	Community Colleges .....	C
Community Corrections Centers .....	Corrections .....	E
Community Corrections Programs .....	Corrections .....	E
Community Health .....	Community Health .....	G
Community Mental Health .....	Community Health .....	G
Conservation .....	Natural Resources .....	H
Consumer and Industry Services .....	Consumer and Industry Services. ....	D
Cooperative Resource Program .....	Natural Resources .....	H
Corrections .....	Overview .....	A
	Corrections .....	E
County Jail Reimbursement .....	Corrections .....	E
Court Fee Fund .....	Judiciary .....	E
Courts .....	Judiciary .....	E
Crime .....	Overview .....	A
	State Police .....	E

## D

Day Care .....	Overview .....	A
	Consumer and Industry Services. ....	D
	Family Independence Agency .....	F
Degree Reimbursement Programs .....	Universities, Grants & Fin. Aid .....	C
Delinquency Service .....	Overview .....	A
	Family Independence Agency .....	F
Department of Agriculture .....	Agriculture .....	H
Department of Attorney General .....	Attorney General .....	J
Department of Career Development .....	Career Development .....	D
Department of Civil Rights .....	Civil Rights .....	J
Department of Civil Service .....	Civil Service .....	J
Department of Community Health .....	Community Health .....	G
Department of Consumer and		
Industry Services .....	Consumer and Industry Services. ....	D
Department of Corrections .....	Corrections .....	E
Department of Education .....	Education .....	C

Department of Environmental Quality .....	Environmental Quality .....	H
Department of Management and Budget .....	Management and Budget .....	J
Department of Michigan State Police .....	State Police .....	E
Department of Military and Veterans Affairs .....	Military and Veterans Affairs .....	E
Department of Natural Resources .....	Natural Resources .....	H
Department of State .....	State .....	J
Department of Transportation .....	Transportation .....	I
Department of Treasury .....	Treasury .....	J
Developmental Disabilities .....	Community Health .....	G
Disaster Assistance .....	State Police .....	E
Domestic Violence .....	Family Independence Agency .....	F
Drinking Water .....	Environmental Quality .....	H

## E

Economic Development .....	Strategic Fund .....	D
Economy .....	Overview .....	A
	Economic Outlook .....	L
Education .....	Overview .....	A
Education .....	Education .....	C
Education .....	State School Aid .....	C
Educational Programs (Prisoners) .....	Corrections .....	E
Elderly .....	Overview .....	A
	Community Health .....	G
Emergency Management .....	State Police .....	E
Employment Services .....	Career Development .....	D
Environmental Cleanup and Redevelopment Program .....	Environmental Quality .....	H
Environmental Quality .....	Environmental Quality .....	H
Equine Industry .....	Agriculture .....	H
Executive Office .....	Executive Office .....	J

## F

Facilities .....	Capital Outlay .....	I
Family Independence Agency .....	Family Independence Agency .....	F

Family Independence Program . . . . .	Overview . . . . .	A
Family Independence Program . . . . .	Family Independence Agency . . . . .	F
Food Safety . . . . .	Agriculture . . . . .	H
Food Stamps . . . . .	Family Independence Agency . . . . .	F
Forensic Sciences . . . . .	State Police . . . . .	E
Forest Inventory . . . . .	Natural Resources . . . . .	H
Foster Care . . . . .	Family Independence Agency . . . . .	F
Foundation Allowance . . . . .	State School Aid . . . . .	C

## G

Governor . . . . .	Executive Office . . . . .	J
Grand Rapids Veterans' Home . . . . .	Military and Veterans Affairs . . . . .	E

## H

Hazardous Waste . . . . .	Environmental Quality . . . . .	H
Health . . . . .	Community Health . . . . .	G
Health Maintenance Organizations . . . . .	Community Health . . . . .	G
Healthy Michigan Funds . . . . .	Community Health . . . . .	G
Higher Education . . . . .	Overview . . . . .	A
Highway Safety Planning . . . . .	State Police . . . . .	E
HMO's . . . . .	Community Health . . . . .	G
Hold Harmless Fund . . . . .	Judiciary . . . . .	E
Horse Racing . . . . .	Agriculture . . . . .	H
House Fiscal Agency . . . . .	Legislature . . . . .	J
House of Representatives . . . . .	Legislature . . . . .	J
HRMN . . . . .	Civil Service . . . . .	J
Human Resource Management Network . . . . .	Civil Service . . . . .	J

## I

Immunizations . . . . .	Community Health . . . . .	G
Infant Mortality . . . . .	Community Health . . . . .	G

## J

Jacobetti Veterans' Home . . . . .	Military and Veterans Affairs . . . . .	E
Jail Reimbursement . . . . .	Corrections . . . . .	E
Job Creation . . . . .	Strategic Fund . . . . .	D
Job Training . . . . .	Career Development . . . . .	D
Judiciary . . . . .	Judiciary . . . . .	E
Juvenile Delinquency . . . . .	Family Independence Agency . . . . .	F



## K

K-12 Education	State School Aid	C
----------------	------------------	---

## L

Leased Beds	Corrections	E
Legislative Retirement System	Legislature	J
Legislative Service Bureau	Legislature	J
Legislature	Legislature	J
Library Grants	Library of Michigan	J
Library of Michigan	Library of Michigan	J
Licensing	Consumer and Industry Services.	D
Lieutenant Governor	Executive Office	J
Local Public Health Operations	Community Health	G
	Environmental Quality	H
	Agriculture	H
Long Term Care	Overview	A
	Community Health	G
Lottery	State School Aid	C
	Treasury	J

## M

Managed Care	Community Health	G
Management and Budget	Management and Budget	J
MEAP	State School Aid	C
	Education	C
Medicaid	Overview	A
	Community Health	G
Mental Health Programs	Community Health	G
Michigan Civilian Conservation Corps	Natural Resources	H
Michigan Educational Assessment Program (MEAP)	Education	C
Michigan Geographic Framework	Management and Budget	J
Michigan Judicial Institute	Judiciary	E
Michigan Merit Award	Overview	A
	Community Colleges	C

	Universities, Grants & Fin. Aid	C
Michigan Merit Award Commission	Treasury	J
Michigan School Report	Education	C
Michigan State Fair	Agriculture	H
Michigan State Police	State Police	E
Michigan Transportation Fund	Transportation	I
MIChild	Community Health	G
Military Affairs	Military and Veterans Affairs	E
Military Veterans' Trust Fund	Military and Veterans Affairs	E

## N

National Guard	Military and Veterans Affairs	E
Natural Resources	Natural Resources	H
Natural Resources Trust Fund	Capital Outlay	I
Nursing Homes	Overview	A
	Consumer and Industry Services	D
	Community Health	G

## O

Office of Regulatory Reform	Executive Office	J
Office of Retirement Services	Management and Budget	J
Office of the Auditor General	Legislature	J
Office of the Children's Ombudsman	Management and Budget	J
Office of the State Budget Director	Management and Budget	J
Office of the State Employer	Management and Budget	J

## P

Parks	Natural Resources	H
Parks and Recreation	Natural Resources	H
Pollution Prevention	Environmental Quality	H
Project CHANGE	Corrections	E
Project GREEN	Overview	A
	Agriculture	H
Project RESTART	Corrections	E
Project Zero	Overview	A
	Family Independence Agency	F
Public Health	Community Health	G

Public Safety Communications		
System	State Police	E
Public schools	State School Aid	C
Pupil Funding Equity Formula	Universities, Grants & Fin. Aid	C

## Q

Qualified Voter File (QVF)	State	J
----------------------------	-------	---

## R

Reading Plan for Michigan	Education	C
Reading Readiness	Education	C
R.E.A.D.Y. kits	Education	C
Recreation	Natural Resources	H
Regulation and Oversight	Consumer and Industry Services.	D
Regulatory Reform	Executive Office	J
Repeat Offender Legislation	State Police	E
Repeat Offender Legislation	State	J
Retirement Services	Management and Budget	J
Revenue Sharing Grants	Overview	A
	Treasury	J
Revenues	Overview	A
Roads	Overview	A
	Transportation	I

## S

School Aid	Overview	A
	State School Aid	C
School Aid Fund	State School Aid	C
School Funding	State School Aid	C
Schools of Choice	State School Aid	C
Secretary of State	State	J
Senate	Legislature	J
Senate Fiscal Agency	Legislature	J
Senior Citizens	Community Health	G
Sentencing Guidelines	Corrections	E
Special Maintenance	Capital Outlay	I

State .....	State .....	J
State Aid to Libraries .....	Library of Michigan .....	J
State Appellate Defender Office .....	Judiciary .....	E
State Budget Director .....	Management and Budget .....	J
State Building Authority .....	Capital Outlay .....	I
State Employer .....	Management and Budget .....	J
State Fairs .....	Agriculture .....	H
State Parks .....	Natural Resources .....	H
	Capital Outlay .....	I
State Police .....	Overview .....	A
	State Police .....	E
State School Aid .....	State School Aid .....	C
Statewide Land Database .....	Management and Budget .....	J
Student Financial Aid .....	Universities, Grants & Fin. Aid .....	C
Substance Abuse .....	Community Health .....	G
Substance Abuse Programs (Prisoners) ....	Corrections .....	E

## T

TANF .....	Family Independence Agency .....	F
Tax Collection .....	Treasury .....	J
Tax Technology Investment Plan .....	Treasury .....	J
Taxes .....	Overview .....	A
TEA-21 .....	Transportation .....	I
Teacher Certification .....	Education .....	C
Temporary Assistance to		
Needy Families .....	Family Independence Agency .....	F
Tobacco Settlement .....	Overview .....	A
Tourism .....	Strategic Fund .....	D
Transportation .....	Overview .....	A
	Transportation .....	I
Travel .....	Strategic Fund .....	D
Treasury .....	Treasury .....	J
Trial Court Assessment Commission .....	Legislature .....	J
Troopers .....	State Police .....	E
Truth-In-Sentencing .....	Corrections .....	E
Tuberculosis - Bovine .....	Agriculture .....	H
Tuition Restraint		
Incentive Grants .....	Community Colleges .....	C
	Universities, Grants & Fin. Aid .....	C

## U

Unemployment .....	Strategic Fund .....	D
Unemployment Insurance .....	Consumer and Industry Services. ....	D
Universities .....	Overview .....	A
	Universities, Grants & Fin. Aid .....	C
Upper Peninsula State Fair .....	Agriculture .....	H

## V

Veterans' Homes .....	Military and Veterans Affairs .....	E
Veterans' Service Organizations .....	Military and Veterans Affairs .....	E
Vocational Training .....	Career Development .....	D

## W

Water Quality .....	Environmental Quality .....	H
Waterways .....	Natural Resources .....	H
	Capital Outlay .....	I
Wayne County Block Grant .....	Overview .....	A
Wayne County Block Grant .....	Family Independence Agency .....	F
Welfare .....	Family Independence Agency .....	F
Welfare to Work .....	Career Development .....	D
	Family Independence Agency .....	F
Work First .....	Overview .....	A
	Career Development .....	D
Workers Compensation .....	Consumer and Industry Services. ....	D
Workplace Safety .....	Consumer and Industry Services. ....	D

## Y

Y2K .....	Management and Budget .....	J
Year 2000 .....	Management and Budget .....	J
Youth Prison .....	Overview .....	A
	Corrections .....	E